

A G E N D A

UTAH BOARD OF WATER RESOURCES

Crystal Inn
1450 S. Hilton Drive
St. George, Utah

March 10, 2005

8:30 a.m.

- I. CALL TO ORDER
- II. APPROVAL OF MINUTES - January 28, 2005
- III. CHAIR'S REPORT
- IV. WATER SUPPLY OUTLOOK Randy Julander
- V. COMMITTAL OF FUNDS
 - E020 Center Creek Culinary Water Co. Wasatch
 - E105 West Panguitch Irr. & Res. Co. Garfield
 - E155 Centerville City Davis
 - E161 Tropic & East Fork Irr. Co. (Ph. II) Garfield
- VI. SPECIAL ITEMS
 - E069 New Santa Clara Field Canal Co. Washington
(Amendment)
 - E097 Bear River Canal Co. (Amendment) Box Elder
 - E163 Strawberry High Line Canal Co. Utah
(Feas. Rep. & Comm. of Funds)
 - E168 Davis & Weber Cos. Canal Co. Davis
(App. Sum, Feas. Rpt., & Comm. of Funds)
 - K203 Enterprise Res. & Canal Co. Washington
(Comm. of Funds)
- VII. DIRECTOR'S REPORT
- VIII. NEXT BOARD MEETING - April 29, 2005 - Salt Lake City
- IX. ADJOURNMENT

BOARD OF WATER RESOURCES

Revolving Construction Fund

Funding Status

March 10, 2005

Funds Available for Projects This FY \$ 7,289,000

Projects Contracted This FY

| | | | |
|---|------|----------|---------------|
| 1 South Willard Water Co (Amend) | E119 | \$ | 90,000 |
| 2 Chester Irr Co | E138 | | 48,000 |
| 3 Deseret Irr Co (Amend) | E101 | | 32,000 |
| 4 Piute Res & Irr Co (Piute Dam; Amend) | C022 | Grant ** | 4,180,000 |
| 5 Piute Res & Irr Co (Piute Dam; Amend) | C022 | Loan ** | 245,000 |
| 6 Otter Creek Reservoir Co (Amend) | C021 | | <u>25,000</u> |

| | |
|------------------------|---------------------|
| Total Funds Contracted | \$ 4,620,000 |
| Funds Balance | <u>\$ 2,669,000</u> |

Projects with Funds Committed

| | | | |
|---|------|----------|----------------|
| 1 Kanab Irr Co | D968 | \$ | 377,000 |
| 2 West Porterville Pipeline Co | E148 | | 27,000 |
| 3 Kays Creek Irr Co (Adams Dam; Amend) | C001 | Grant ** | 4,000 |
| 4 Huntington-Cleveland Irr Co | C024 | Grant ** | 9,000 |
| 5 Piute Res & Irr Co (Piute Dam; Amend) | C022 | Grant ** | 142,500 |
| 6 Piute Res & Irr Co (Piute Dam; Amend) | C022 | Loan ** | 7,500 |
| 7 Cedar Creek Irr Co | E152 | | 330,000 |
| * 8 Strawberry High Line Canal Co | E163 | | 188,000 |
| * 9 Bear River Canal Co (Amend) | E097 | | 36,000 |
| * 10 West Panguitch Irr & Res Co | E105 | | 212,000 |
| Commitments for Dam Safety Studies | | ** | <u>136,000</u> |

| | |
|-----------------------|---------------------|
| Total Funds Committed | \$ 1,469,000 |
| Funds Balance | <u>\$ 1,200,000</u> |

Projects Authorized

| | | | |
|--------------------------------------|------|----|----------------|
| 1 Deseret Irr Co | E056 | \$ | 400,000 |
| 2 Hi-Country Estates Homeowners Assn | E127 | | 406,000 |
| 3 M&M Irr Co | E136 | | <u>531,000</u> |

| | |
|---------------------------|---------------------|
| Total Funds Authorized | \$ 1,337,000 |
| Remaining Funds Available | <u>\$ (137,000)</u> |

* To be presented at Board Meeting

** Dam Safety Projects

BOARD OF WATER RESOURCES

Cities Water Loan Fund

Funding Status

March 10, 2005

| | |
|--------------------------------------|--------------|
| Funds Available for Projects This FY | \$ 2,368,000 |
|--------------------------------------|--------------|

Bonds Closed This FY

| | |
|--------------------|--------------|
| Total Bonds Closed | \$ - |
| Funds Balance | \$ 2,368,000 |

Projects with Funds Committed

| | | |
|-----------------------|------|--------------|
| * 1 Centerville City | E155 | 156,000 |
| <hr/> | | |
| Total Funds Committed | | \$ 156,000 |
| Funds Balance | | \$ 2,212,000 |

Projects Authorized

| | | |
|---------------------------|------|--------------|
| 1 Kamas City | L550 | \$ 1,170,000 |
| <hr/> | | |
| Total Funds Authorized | | \$ 1,170,000 |
| Remaining Funds Available | | \$ 1,042,000 |

* To be presented at Board Meeting

BOARD OF WATER RESOURCES

Conservation & Development Fund

Funding Status

March 10, 2005

Funds Available for Projects This FY \$ 17,689,000

Projects Contracted/Bonds Closed This FY

| | | |
|--|------|----------------|
| 1 City of St. George (Bond Ins.) | E137 | \$ 145,000 |
| 2 Hooper Irr Co (Press Irr, Phase I amend) | E060 | 85,000 |
| 3 Holliday Water Co | E122 | 1,500,000 |
| 4 MWD of Salt Lake & Sandy (Bond Ins.) | E134 | 500,000 |
| 5 Pleasant Grove City | E126 | <u>115,000</u> |

| | |
|-------------------------------|----------------------|
| Total Funds Contracted/Closed | \$ 2,345,000 |
| Funds Balance | <u>\$ 15,344,000</u> |

Projects with Funds Committed

| | | |
|---|------|------------------|
| 1 Lake Creek Irr Co (Ph 1) | E102 | \$ 22,500 |
| 2 Ephraim Irr Co | E061 | 1,500,000 |
| 3 City of West Jordan (Bond Ins.) | E154 | 25,000 |
| 4 Payson City (Bond Ins.) | E156 | 74,000 |
| 5 MWD of Salt Lake & Sandy (Bond Ins.) | E157 | 450,000 |
| 6 Willow Creek Irr Co | E149 | 1,048,000 |
| 7 Ferron Canal & Res Co | E162 | 750,000 |
| 8 Leeds Water Co | E132 | 1,006,000 |
| 9 Orem City (Bond Ins.) | E159 | 112,000 |
| * 10 Center Creek Culinary Water Co | E020 | 877,000 |
| * 11 New Santa Clara Field Canal Co (Amend) | E069 | 64,000 |
| * 12 Tropic & East Fork Irr Co (Ph 2) | E161 | 220,000 |
| * 13 Enterprise Res & Canal Co | K203 | 100,000 |
| * 14 Davis & Weber Counties Canal Co | E168 | <u>4,230,000</u> |

| | |
|-----------------------|---------------------|
| Total Funds Committed | \$ 10,479,000 |
| Funds Balance | <u>\$ 4,865,000</u> |

Projects Authorized

| | | |
|------------------------------------|------|------------------|
| 1 Strawberry High Line Canal Co | D976 | \$ 3,187,000 |
| 2 Uintah WCD (Island Ditch) | E036 | 342,000 |
| 3 Richland Nonprofit Water Co | E087 | 335,000 |
| 4 Lake Creek Irr Co (Ph 2) | E102 | 300,000 |
| 5 Tropic & East Fork Irr Co (Ph 2) | E104 | 220,000 |
| 6 West Point City | L546 | 410,000 |
| 7 Centerfield Town | L547 | 255,000 |
| 8 New Escalante Irr Co | E077 | 300,000 |
| 9 St George & Washington Canal Co | E129 | 11,000,000 |
| 10 Santaquin City | E147 | 1,000,000 |
| 11 Ashley Valley Res Co | E145 | 1,489,000 |
| 12 Elwood Town | L549 | <u>1,530,000</u> |

| | |
|---------------------------|------------------------|
| Total Funds Authorized | \$ 20,368,000 |
| Remaining Funds Available | <u>\$ (15,503,000)</u> |

* To be presented at Board Meeting

BOARD OF WATER RESOURCES

March 10, 2005

| ADDITIONAL ACTIVE PROJECTS | | | Fund | Est. Board Cost | Total Cost |
|--|------|-----|------|-----------------|----------------|
| Authorized or Committed Projects | | | | | |
| 1 Davis & Weber Counties Cnl Co (Ph 4) | D674 | C&D | | \$ 10,379,000 | \$ 12,211,000 |
| 2 Central Utah WCD (Prepay FY98,99,00) | D960 | C&D | | 3,000,000 | 3,000,000 |
| 3 Weber Basin WCD (Secondary Irr, Ph 3-5) | E029 | C&D | | 27,721,000 | 32,613,000 |
| 4 Davis & Weber Counties Cnl Co(Cnl Rehab) | E035 | C&D | | 15,497,000 | 18,232,000 |
| 5 Hooper Irr Co (Press Irr, Ph 2-4) | E060 | C&D | | 11,772,000 | 13,850,000 |
| 6 City of Cedar Hills | E099 | C&D | | 31,200 | 31,200 |
| Subtotal | | | | \$ 68,400,200 | \$ 79,937,200 |
| Projects Under Investigation | | | | | |
| 1 Keith Johnson | D996 | RCF | | \$ 37,500 | \$ 50,000 |
| 2 Mayfield Irr Co | E067 | RCF | | 187,500 | 250,000 |
| 3 Rock Dam Irr Co | E083 | RCF | | 37,500 | 50,000 |
| 4 Mower Ditch Co | E133 | RCF | | 135,000 | 180,000 |
| 5 Downs Ditch Water Co | E139 | RCF | | 281,250 | 375,000 |
| 6 Co-Op Farm Irr Co | E140 | RCF | | 374,250 | 499,000 |
| 7 Anderson, Felt, Winters Ditch Co | E141 | RCF | | 148,500 | 198,000 |
| 8 Felt, Peterson, Slater Ditch Co | E142 | RCF | | 148,500 | 198,000 |
| 9 Huntsville South Bench Canal Co | E143 | RCF | | 258,750 | 345,000 |
| 10 Emmertsen Irr Co | E144 | RCF | | 86,250 | 115,000 |
| 11 Huntsville Irr Co | E146 | RCF | | 627,000 | 836,000 |
| 12 Vernon Irr Co | E158 | RCF | | 37,500 | 50,000 |
| 13 West Cache Irr Co | E160 | RCF | | 150,000 | 200,000 |
| * 14 Bryner-Ploutz Ditch Co | E164 | RCF | | 105,000 | 140,000 |
| * 15 Lincoln Culinary Water Co | E165 | RCF | | 317,250 | 423,000 |
| * 16 Circleville Irr Co | E166 | RCF | | 131,000 | 611,000 |
| * 17 Loss Creek Irr Co | E167 | RCF | | 111,000 | 524,000 |
| 18 Parowan City | E121 | CWL | | 158,250 | 211,000 |
| 19 Millville City | L548 | CWL | | 1,275,000 | 1,700,000 |
| 20 Town of Vernon | L551 | CWL | | 189,000 | 252,000 |
| 21 Woodruff Irrigating Co | D680 | C&D | | 600,000 | 800,000 |
| 22 Kane County WCD | D828 | C&D | | 1,500,000 | 2,000,000 |
| 23 Uintah WCD (Leota Bench) | D944 | C&D | | 750,000 | 1,000,000 |
| 24 Gunnison Butte Mutual Irr Co | E004 | C&D | | 10,500,000 | 14,000,000 |
| 25 City of South Jordan (Secondary Irr) | E034 | C&D | | 2,253,000 | 3,004,000 |
| 26 Hyrum Blacksmith Fork Irr Co | E047 | C&D | | 1,230,000 | 1,640,000 |
| 27 East Juab County WCD | E071 | C&D | | 375,000 | 500,000 |
| 28 Ferron Canal & Res Co | E082 | C&D | | 2,625,000 | 3,500,000 |
| 29 Whiterocks Irr Co | E084 | C&D | | 1,500,000 | 2,000,000 |
| 30 Logan, Hyde Park, Smithfield Canal Co | E096 | C&D | | 1,301,250 | 1,735,000 |
| 31 Newton Water Users Association | E100 | C&D | | 1,001,250 | 1,335,000 |
| 32 Town of Goshen | E109 | C&D | | 240,000 | 320,000 |
| 33 Weber-Box Elder Conservation Dist | E113 | C&D | | 9,750,000 | 13,000,000 |
| 34 Cottonwood Creek Consolidated Irr Co | E125 | C&D | | 3,750,000 | 5,000,000 |
| 35 Alton Farmers Assoc | E128 | C&D | | 1,650,000 | 2,200,000 |
| 36 Huntington-Cleveland Irr Co | E130 | C&D | | 21,299,000 | 66,090,000 |
| 37 Fremont Irr Co | E131 | C&D | | 1,500,000 | 2,000,000 |
| 38 Grantsville Irr Co | E150 | C&D | | 321,000 | 428,000 |
| Subtotal | | | | \$ 66,941,500 | \$ 127,759,000 |
| TOTAL | | | | \$ 135,341,700 | \$ 207,696,200 |

* New Applications

BOARD OF WATER RESOURCES

March 10, 2005

INACTIVE PROJECTS

Long Term Large Water Conservation Projects

| | |
|---------------------------------|------|
| 1 Sanpete WCD (Narrows Dam) | D377 |
| 2 Wayne County WCD | D494 |
| 3 Cedar City Valley Water Users | D584 |
| 4 Bear River WCD | D738 |
| 5 Upper Sevier River WCD | E098 |

BOARD OF WATER RESOURCES

Committal of Funds

Conservation and Development Fund

Appl. No.: **E-020**

Received: 11/22/99

Approved: 12/10/99

Authorized: 3/9/00

Reauthorized: 8/13/04

To be Presented at the March 10, 2005 Board Meeting

SPONSOR: **CENTER CREEK CULINARY WATER COMPANY**

President: Duane Sweat
2636 S. Old Settlers Road
Heber City, UT 84032
Phone: (435) 654-0137

LOCATION: The proposed project is located about three miles southeast of Heber City in Wasatch County.

PROJECT SUMMARY: The sponsor is requesting financial assistance from the board to improve its culinary water system by redeveloping two springs, constructing a 300,000 gallon concrete storage tank, installing about three miles of ductile iron distribution pipeline, purchasing interest in a well being drilled, and tying the well into the culinary system.

COST ESTIMATE & SHARING: The proposed cost estimate and sharing remain the same as reauthorized:

| <u>Agency</u> | <u>Cost Sharing</u> | <u>% of Total</u> |
|--------------------------|---------------------|-------------------|
| Board of Water Resources | \$ 877,000 | 75% |
| Sponsor | <u>293,000</u> | <u>25</u> |
| TOTAL | \$1,170,000 | 100% |

PURCHASE
AGREEMENT:

If the board commits funds to the project, it is proposed the purchase agreement remain as reauthorized: the project will be purchased in 30 years at 1% interest according to the following schedule:

| <u>Years</u> | <u>Approximate Annual Payment</u> |
|--------------|---------------------------------------|
| 1-5 | \$ 16,500 |
| 6-10 | 23,000 |
| 11-15 | 31,000 |
| 16-20 | 39,000 |
| 21-25 | 47,000 |
| 26-30 | 54,000 |

BOARD OF WATER RESOURCES

Committal of Funds

Revolving Construction Fund

Appl. No.: **E-105**
Received: 11/8/02
Approved: 12/20/02
Authorized: 6/12/03

To be Presented at the March 10, 2005 Board Meeting

SPONSOR: ***WEST PANGUITCH IRRIGATION & RESERVOIR COMPANY***

President: Mack Hatch
P.O. Box 186
Panguitch, UT 84759
Phone: (435) 691-0848

LOCATION: The proposed project is located northwest of
Panguitch City in Garfield County.

PROJECT SUMMARY: The sponsor is requesting financial assistance
from the board to pipe a portion of the West
Panguitch Canal. The project will include
modification of an existing regulating pond and
installation of 3 1/4 miles of pipeline with 18
turnouts.

COST ESTIMATE & SHARING: The current cost estimate exceeds that
authorized due to increased pipe prices and the
sponsor's desire to enlarge the existing pond
capacity from an existing 8 acre-feet up to just
below 20; it requests the additional funds from the
board. The authorized and proposed cost estimate and
sharing are:

| <u>Agency</u> | <u>Authorized Cost Sharing</u> | <u>% of Total</u> | <u>Proposed Cost Sharing</u> | <u>% of Total</u> |
|---------------------------|------------------------------------|-----------------------|----------------------------------|-----------------------|
| BWRe | \$137,000 | 19% | \$212,000 | 27% |
| Upper Sevier River WCD | 531,000 | 75 | 531,000 | 68 |
| Sponsor | <u>40,000</u> | <u>6</u> | <u>40,000</u> | <u>5</u> |
| TOTAL | \$708,000 | 100% | \$783,000 | 100% |

PURCHASE
AGREEMENT:

The purchase agreement authorized by the board requires the project to be purchased at 0% interest over approximately 11 years with annual payments of \$9,000 the first year, \$11,000 the second, and \$13,000 thereafter. If the board commits funds to the project, it is proposed it be purchased at 0% interest over approximately 17 years with annual payments of \$9,000 the first year, \$11,000 the second, and \$13,000 thereafter.

BOARD OF WATER RESOURCES

Committal of Funds

Cities Water Loan Fund

Appl. No.: **E-155**
Received: 10/28/04
Approved: 11/5/04
Authorized: 1/28/05

To be Presented at the March 10, 2005 Board Meeting

SPONSOR: ***CENTERVILLE CITY***

Mayor: Michael L. Deamer
250 North Main
Centerville, UT 84014
Phone: (801) 295-3477

LOCATION: The proposed project is located in Centerville in Davis County.

PROJECT SUMMARY: Centerville is requesting financial assistance from the board to install a pressurized secondary irrigation system in the 73-home Chase Lane West Subdivision. The system will be connected to Weber Basin Water Conservancy District's existing supply pipelines.

COST ESTIMATE & SHARING: The proposed cost estimate and sharing remain the same as authorized:

| <u>Agency</u> | <u>Cost Sharing</u> | <u>% of Total</u> |
|--------------------------|---------------------|-------------------|
| Board of Water Resources | \$156,000 | 80% |
| Sponsor | <u>38,000</u> | <u>20</u> |
| TOTAL | \$194,000 | 100% |

REPAYMENT:

If the board commits fund to the project, it is proposed the repayment terms remain as authorized: the bonded indebtedness of \$156,000 will be repaid in 10 years at 5% interest with annual payments of approximately \$20,200, plus reserves of about \$3,400 the first six years.

BOARD OF WATER RESOURCES

Committal of Funds

Conservation and Development Fund

Appl. No.: **E-104/161**

Received: 11/8/02

Approved: 12/20/02

Authorized: 6/12/03

Committed (Ph. I): 1/30/04

To be Presented at the March 10, 2005 Board Meeting

SPONSOR: **TROPIC & EAST FORK IRRIGATION COMPANY**

President: Franz Shakespear
PO Box 5
Tropic, UT 84776
Phone: (435) 679-8749

LOCATION: The proposed project is located near Bryce Canyon National Park, about six miles northwest of the Town of Tropic in Garfield County.

PROJECT SUMMARY: The board authorized a two-phase project to replace the seven-mile long Tropic & East Fork Canal with a 30-inch pipeline. The sponsor is in the process of constructing Phase I, which includes just over two miles of pipeline beginning below the canal diversion on the East Fork of the Sevier River.

The sponsor obtained grant funds through Upper Sevier River Water Conservancy District (USRWCD) for Phase II and is ready to move ahead with that phase, which consists of the remaining five miles of pipe.

COST ESTIMATE & SHARING: The cost estimate and sharing are:

| | Authorized (Phases I & II) | Contracted (Phase I) | Proposed (Phase II) | % of |
|---------------|-------------------------------|-------------------------|------------------------|--------------|
| <u>Agency</u> | <u>Cost Sharing</u> | <u>Cost Sharing</u> | <u>Cost Sharing</u> | <u>Total</u> |
| BWRe | \$ 820,000 | \$600,000 | \$ 220,000 | 21% |
| USRWCD | 790,000 | 0 | 790,000 | 76 |
| Sponsor | <u>80,000</u> | <u>50,000</u> | <u>30,000</u> | <u>3</u> |
| TOTAL | \$1,690,000 | \$650,000 | \$1,040,000 | 100% |

PURCHASE
AGREEMENT:

The authorized purchase agreement for the entire project requires the \$820,000 to be returned at 1.5% interest over approximately 25 years with annual payments of \$40,000. If the board commits funds to Phase II, it is proposed the \$220,000 be returned at 1.5% interest over approximately 25 years with annual payments of \$11,000.

BOARD OF WATER RESOURCES

Special Item

Contract Amendment - Additional Funds

Conservation and Development Fund

Appl. No.: **E-069**
Received: 1/14/02
Approved: 1/25/02
Authorized: 4/19/02
Committed: 1/30/04

To be Presented at the March 10, 2005 Board Meeting

SPONSOR: **NEW SANTA CLARA FIELD CANAL COMPANY**

President: James N. Ence
800 Old Farm Road
Santa Clara, UT 84765
Phone: (435) 673-3929

LOCATION: The project is located in and around the City of Santa Clara, about five miles northwest of St. George in Washington County.

PROJECT SUMMARY: Last spring the sponsor installed a \$1.7 million pressurized irrigation system utilizing \$1,445,000 from the board. Recent flooding damaged the system in places near the Santa Clara River, and it is estimated that repairs will cost approximately \$75,000. The sponsor requests additional funds from the board to help pay for the repairs.

COSTS & COST SHARING: The contracted and proposed cost sharing are:

| <u>Agency</u> | <u>Contracted Cost Sharing</u> | <u>Proposed Cost Sharing</u> | <u>% of Total</u> |
|---------------|------------------------------------|----------------------------------|-----------------------|
| BWRe | \$1,445,000 | \$1,509,000 | 85% |
| Sponsor | <u>255,000</u> | <u>266,000</u> | <u>15</u> |
| TOTAL | \$1,700,000 | \$1,775,000 | 100% |

PURCHASE
AGREEMENT:

The sponsor's current agreement with the board requires the \$1,445,000 to be returned in approximately 25 years at 3.5% interest with annual payments of \$87,700. If the board commits additional funds for the repairs, staff recommends the agreement be amended to provide an additional \$64,000 and to state the sponsor will return the \$1,509,000 in approximately 27 years at 3.5% interest with annual payments of \$87,700.

BOARD OF WATER RESOURCES

Special Item

Contract Amendment - Additional Funds

Revolving Construction Fund

Appl. No.: **E-097**
Received: 10/29/02
Approved: 11/8/02
Authorized: 1/31/03
Committed: 9/19/03
Recommitted: 10/31/03

To be Presented at the March 10, 2005 Board Meeting

SPONSOR: **BEAR RIVER CANAL COMPANY**

President: Charles Holmgren
P.O. Box 187
Bear River City, UT 84301
Phone: (435) 279-8357

LOCATION: The project is located on the Malad River about two miles south of Plymouth in Box Elder County.

PROJECT SUMMARY: The board provided \$656,000 to the sponsor in 2003-04 to help replace a steel flume truss structure, conveying irrigation water over the Malad River, with an inverted siphon under the river. The contractor subsequently made a claim for additional compensation due to what he said were unforeseen circumstances that required more stabilization material for the pipeline than represented by the engineer.

In order to avoid a lawsuit, the sponsor has negotiated with the contractor and requests additional funds from the board to complete paying for the project.

COSTS & COST SHARING: The contracted and proposed cost sharing are:

| <u>Agency</u> | <u>Contracted Cost Sharing</u> | <u>Proposed Cost Sharing</u> | <u>% of Total</u> |
|---------------|------------------------------------|----------------------------------|-----------------------|
| BWRe | \$656,000 | \$692,000 | 80% |
| Sponsor | <u>164,000</u> | <u>173,000</u> | <u>20</u> |
| TOTAL | \$820,000 | \$865,000 | 100% |

PURCHASE
AGREEMENT:

The sponsor's current agreement with the board requires the \$656,000 to be returned with approximate annual payments of \$50,000 at 0% interest over 13 years. If the Board commits additional funds to the project, staff recommends the agreement be amended to provide an additional \$36,000 and to state the sponsor will return the \$692,000 with approximate annual payments of \$53,200 at 0% interest over 13 years.

BOARD OF WATER RESOURCES

Special Item

Feasibility Report & Committal of Funds

Revolving Construction Fund

Appl. No.: **E-163**
Received: 12/28/04
Approved: 1/28/05

To be Presented at the March 10, 2005 Board Meeting

SPONSOR: ***STRAWBERRY HIGH LINE CANAL COMPANY***

President: Dan Throckmorton

LOCATION: The proposed project is located about four miles east of Payson in Utah County.

EXISTING CONDITIONS & PROBLEMS: The sponsor provides Strawberry Valley Project water from Strawberry Reservoir, and some additional water from Spring Creek and two wells, to over 17,000 acres in the area around Payson through the Strawberry High Line Canal. The 18 1/2 mile-long canal was constructed from 1910 through 1916, with sections where water loss potential was greatest being concrete-lined.

Last fall, company employees noticed cracks in the earthen embankment supporting the downslope side of the lined canal on a bend about two miles from the canal's upper end. The Bureau of Reclamation (Bureau) was notified and it monitored the area through the end of January; movement was detected, even after water was taken out of the canal, and totaled 2.4 inches vertical and 1.0 inch horizontal.

Bureau officials feel there is a significant possibility of a slope failure and recommend the problem area be repaired prior to water being placed in the canal this spring.

PROPOSED
PROJECT:

The sponsor is requesting financial assistance from the board to replace 400 feet of canal with concrete box culvert. The project will include straightening out the bend, moving the alignment about 50 feet away from the edge of the embankment, installing drains, and flattening the embankment slope to further stabilize the area. Technical assistance is being provided by the Bureau's Provo office.

In order to more fully understand the cause and scope of the slope movement, and to have the project completed before the upcoming irrigation season, the sponsor has completed excavation and is installing the culvert.

The project fits in Prioritization Category 1 (project which involves public health problem, safety problem, or emergency).

COST ESTIMATE:

The following cost estimate is based on information provided by the Bureau and has been reviewed by staff:

| <u>Item</u> | <u>Description</u> | <u>Quantity</u> | <u>Unit Price</u> | <u>Amount</u> |
|-------------------------------------|--------------------|-----------------|-------------------|---------------|
| 1. | Earthwork | LS | \$25,000 | \$ 25,000 |
| 2. | Box Culvert | 400 LF | 400 | 160,000 |
| 3. | Drains | LS | 12,000 | 12,000 |
| 4. | Roadwork | LS | 8,000 | <u>8,000</u> |
| Construction Cost | | | | \$205,000 |
| Contingencies | | | | 20,000 |
| Legal and Administrative | | | | 5,000 |
| Design and Construction Engineering | | | | <u>20,000</u> |
| TOTAL | | | | \$250,000 |

COST SHARING
& REPAYMENT:

The recommended cost sharing and repayment are:

| <u>Agency</u> | <u>Cost Sharing</u> | <u>% of Total</u> |
|--------------------------|---------------------|-------------------|
| Board of Water Resources | \$188,000 | 75% |
| Sponsor | <u>62,000</u> | <u>25</u> |
| TOTAL | \$250,000 | 100% |

If the board authorizes the project, it is suggested it be purchased with annual payments of \$9,400 at 0% interest over approximately 20 years.

FINANCIAL
FEASIBILITY:

The project will provide an unquantifiable reduction in safety hazard and an increased assurance of uninterrupted system operation. The sponsor recently completed construction of a 500-foot section of box culvert, plans to improve other sections of canal in the coming years on its own, and requests approximately 20 years to repay the board for the current project.

Shareholders are assessed an annual fee of \$60, plus \$11.50 per share for operation and maintenance costs. Those on ditch laterals that utilized board funding to install pressurized systems are also assessed to make payments for them.

BENEFITS:

The project will replace an unstable section of canal and help assure the continued delivery of irrigation water to users.

PROJECT
SPONSOR:

The Strawberry High Line Canal Company was incorporated February 15, 1916, and is currently registered in good standing with the state Department of Commerce. It is one of seven companies under the Strawberry Water Users Association and distributes 39,525 acre-feet of Strawberry Valley Project water to over 17,000 acres in the Payson area.

In 1995 the sponsor received about \$87,000 from the board to help install a pressurized secondary irrigation system in the community of Spring Lake, and about \$90,000 to help install a pressurized irrigation system on Laterals 30 L&M near West Mountain northwest of Payson. Payments on the two projects are being made through the years 2021 and 2008, respectively. In 1999 the board authorized a project to replace the sponsor's open ditch irrigation system on Laterals 19 and 20 with a pressurized pipeline system; the sponsor intends to pursue reauthorization of that project later this year.

WATER RIGHTS
& SUPPLY:

The sponsor distributes 39,525 acre-feet of Strawberry Valley Project water through its system. In the initial stages of the Strawberry Valley Project, each individual landowner signed an agreement with the Bureau that tied Strawberry water to the land. It is not clear at this time whether these water rights, which include water to flow through the box culvert, can be transferred to the board.

The sponsor has rights to Spring Creek (51-2577) and two wells (51-1488 and 1489). A limited amount of water is diverted from the creek and the wells are pumped to supplement Strawberry water when needed. The board holds title to right 51-1488 for 5.0 cfs as security for past assistance. It is proposed the board take title to the second well's right (51-1489 for 6.0 cfs) for the proposed project; this water will not flow through the box culvert.

EASEMENTS:

The proposed project falls within the existing easement for the canal.

ENVIRONMENTAL:

The new box culvert is being installed about 50 feet upslope from the existing canal alignment. Excavation into the hillside is required, with the construction site to be graded to match the existing slope and reseeded. No major long-term impact is expected.

SPONSOR'S

RESPONSIBILITIES: If the board authorizes the proposed project, the sponsor must do the following before construction can begin:

1. Obtain all easements, rights-of-way, and permits required to construct, operate, and maintain the project.
2. Pass a resolution by the appropriate (as defined in the company's Articles of Incorporation and Bylaws) majority of company stock authorizing its officers to do the following:
 - a. Assign properties and easements required for the project to the Board of Water Resources.

b. Assign water right 51-1489 to the Board of Water Resources.

c. Enter into a contract with the Board of Water Resources for construction of the project and subsequent purchase from the Board.

3. Have an attorney give the Board of Water Resources a written legal opinion that:

a. The company is legally incorporated for at least the term of the purchase contract and is in good standing with the state Department of Commerce.

b. The company has legally passed the above resolution in accordance with the requirements of state law and the company's Articles of Incorporation and Bylaws.

c. The company has obtained all permits required for the project.

4. Have an attorney give the Board of Water Resources a written legal opinion that:

a. The company owns all easements and rights-of-way for the project, as well as the land on which the project is located, and that title to these easements, rights-of-way, and the project itself can be legally transferred to the Board.

b. Water right 51-1489 is unencumbered and legally transferable to the Board of Water Resources.

In lieu of an attorney's opinion, the company may obtain a title insurance policy in the name of the Board of Water Resources for the easements, rights-of-way, land, and water rights.

5. Obtain approval of final plans and specifications from the Division of Water Resources.

6. Review and update its water management and conservation plan, and obtain approval of it from the Division of Water Resources.

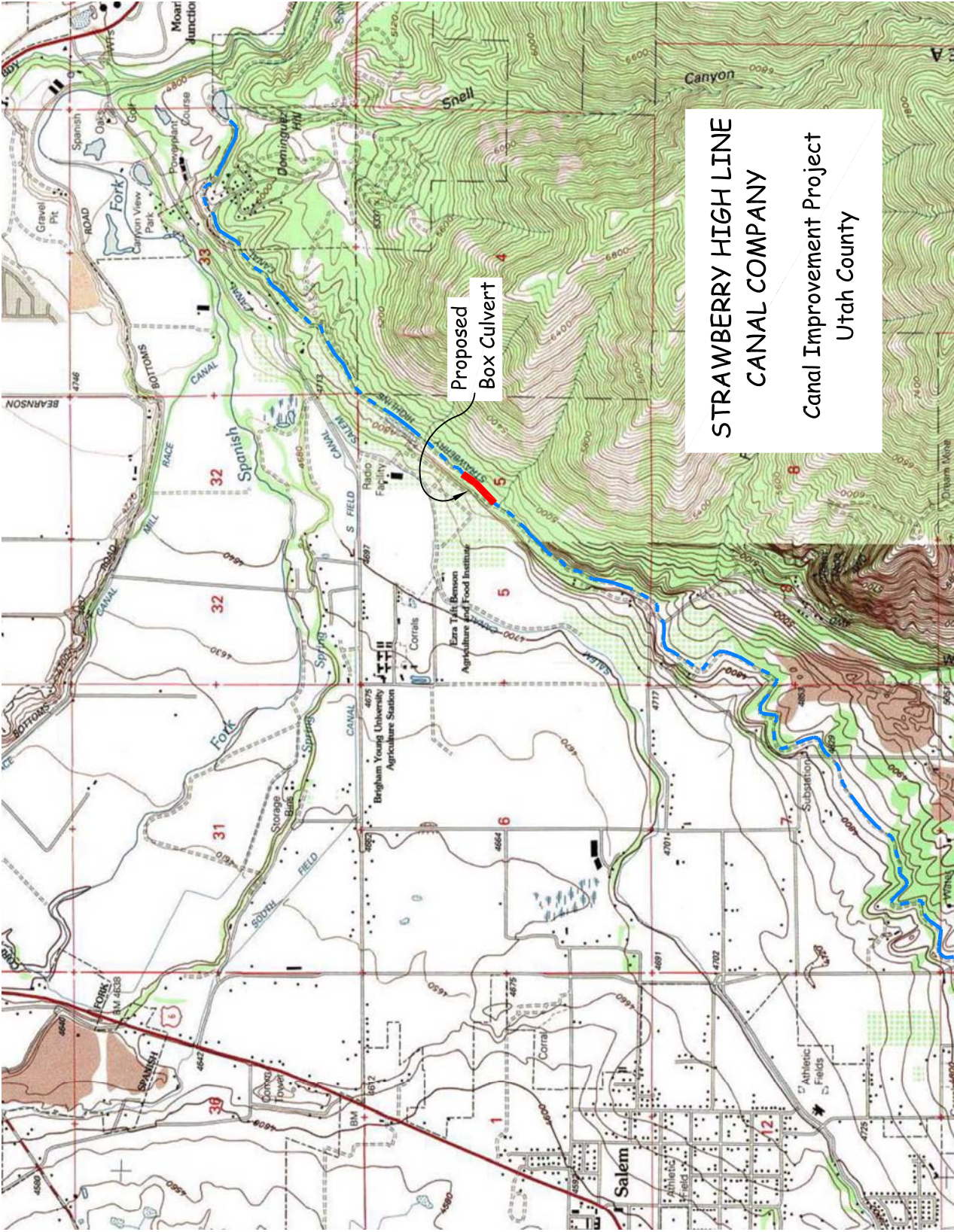
STAFF
COMMENTS: Construction of the project is underway. Staff recommends that, if the board authorizes the project, it also commit funds.

PROJECT
CONTACT
PEOPLE:

President: Dan Throckmorton
209 East Center
Genola, UT 84655
Phone: (801) 754-3085

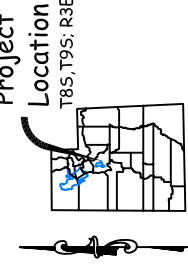
Secretary: Steve Farr
P.O. Box 216
Payson, UT 84651
Phone: (801) 465-4824

Engineer: Bureau of Reclamation
302 East 1860 South
Provo, UT 84606-7317
Phone: (801) 379-1097



STRAWBERRY HIGH LINE
CANAL COMPANY
Canal Improvement Project
Utah County

Proposed
Box Culvert



BOARD OF WATER RESOURCES

Special Item

Application Summary, Feasibility Report,
and Committal of Funds

Conservation and Development Fund

Appl. No.: **E-168**

Received: 2/25/05

To be Presented at the March 10, 2005 Board Meeting

SPONSOR: **DAVIS & WEBER COUNTIES CANAL COMPANY**

President: D. Pete Page

LOCATION: The project is located in the South Weber area of Davis County, about a mile east of Hill Air Force Base.

SUMMARY: On February 20, 2005, a landslide occurred just downslope of the sponsor's 250 cfs capacity Davis-Weber Canal, which wasn't damaged. Although water hasn't flowed in the canal since last fall and thus did not contribute to the slide, heavy winter precipitation apparently raised groundwater levels in the area and caused the slope failure which has approximate dimensions of 300 feet long, 75 feet wide, and 35 feet deep.

The 26-mile-long, earthen Davis-Weber Canal had been constructed by 1884, and was lined with concrete in 1910-11. The sponsor relined between one and two miles of what were considered the most critical sections of canal in the late 1990s, but a 1999 canal failure above Riverdale City underscored the need to expedite repair and replacement along the nine-mile corridor from the canal headworks 2 1/2 miles east of South Weber City, to Riverdale.

In 2000 the board authorized the sponsor's \$25.5 million, long-term Davis-Weber Canal improvement

project. The project consists of replacing, in phases over a number of years, nearly 6 1/2 miles of deteriorated canal liner with sections of reinforced concrete liner, large diameter pipe, or concrete box culvert. The headworks at the diversion on the Weber River will be replaced and two wasteways improved to allow the canal to be drained in case of emergency. Telemetry will be installed to automate canal operation. The sponsor has completed three phases (2 1/2 miles) of this work to date with board assistance.

PROPOSED
PROJECT:

The sponsor is requesting financial assistance from the board to stabilize, drain, and restore the failed hillside. The work will include dewatering, about 220,000 cubic yards of earthwork, spring collection and drainage systems, erosion control and revegetation, and property easements/purchase. The area was identified in the late 1990s as one of potential problems and was slated to receive improvements as part of the project authorized by the board in 2000; any new canal liner, pipe, or box culvert will be installed later as part of that project and is not part of this current proposal.

COST ESTIMATE
& SHARING:

The sponsor and its engineer estimate it will take approximately \$4.7 million in work to get the hillside restored and stable enough for the State Engineer's office to allow water in the canal prior to heavy water demands this coming irrigation season. The sponsor requests 90% of that amount from the board:

| <u>Agency</u> | <u>Cost Sharing</u> | <u>% of Total</u> |
|--------------------------|---------------------|-------------------|
| Board of Water Resources | \$4,230,000 | 90% |
| Sponsor | <u>470,000</u> | <u>10</u> |
| TOTAL | \$4,700,000 | 100% |

PURCHASE
AGREEMENT:

Staff recommends the \$4,230,000 be returned to the board in 35 years at 3.6% interest with annual payments of approximately \$215,000.

Approximately 70% of the water run through the Davis-Weber Canal is used on agricultural land, with the rest being used in pressurized secondary irrigation

systems. Staff therefore suggests an interest rate on board assistance of 3.6%, which is weighted between the board's guideline rates for agriculture and municipal projects of 3% and 5%, respectively.

ECONOMIC
FEASIBILITY:

Since the project is one of restoration and safety with no viable alternatives, the benefit/cost ratio is assumed to be 1.0.

BENEFITS:

Completion of the project will allow the sponsor to continue safely delivering water to its users.

PROJECT
SPONSOR:

The Davis and Weber Counties Canal Company was incorporated December 29, 1884, and is presently registered in good standing with the state Department of Commerce. Its 1,200 shareholders hold 10,000 shares and irrigate approximately 30,000 acres; the company also provides pressurized secondary irrigation water for 21,000 households. Shareholders include individuals, irrigation companies, and districts such as Weber Basin Water Conservancy District and Roy Water Conservancy Subdistrict. Each year an average of about 60,000 acre-feet is delivered to agricultural and residential land.

The sponsor received \$328,000 from the board in 1980 for a canal repair project, \$126,000 in 1988 for a canal relocation project, and \$240,000 in 1995 to reline several sections of canal between Hill Air Force Base and South Weber; those three projects have been paid off. In late 1999 the sponsor received \$3 million from the board for the canal relocation and replacement project above Riverdale, which is being returned in 30 years at 3.6% interest. From 1989 to the present the board provided a total of about \$23.5 million for pressurized secondary irrigation systems in Kaysville, West Point, Clinton, and West Layton, which is being returned at 5% interest with increasing annual payments over 35 years. From 2000 to the present the board provided a total of about \$6.0 million to help the sponsor build the first three phases of the long-term Davis-Weber Canal improvement project, which is being returned in 30 years at 3.6% interest.

WATER RIGHTS: The sponsor's water rights allow diversions from the Weber River and storage in East Canyon (28,000 acre-feet) and Echo (29,000 acre-feet of Weber River Water Users Association stock) Reservoirs to irrigate up to 40,790 acres under water right numbers 44, 48, 58, 68, 389, and 400. These rights are in the name of the board for previous financial assistance.

EASEMENTS: The upper third or so of the slide lies on canal company property, and the lower two-thirds on land owned by a family. The company is working with the family on easements and property purchase necessary to accomplish the project.

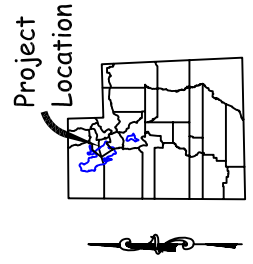
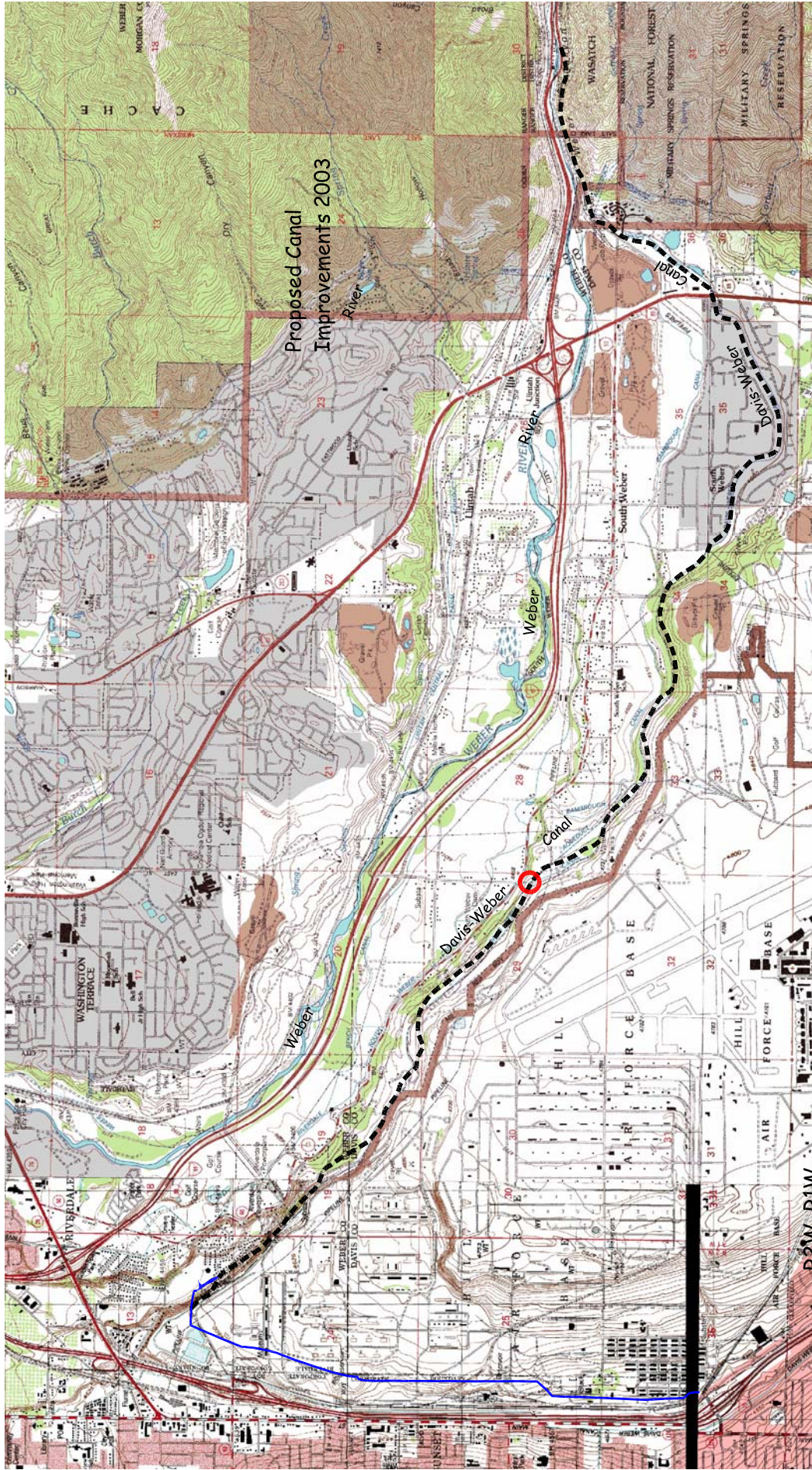
SPONSOR'S RESPONSIBILITIES: If the board approves, authorizes, and commits funds to the proposed project, the sponsor must do the following to acquire board funding:

1. Obtain all land, easements, rights-of-way, and permits required to construct, operate, and maintain the project.
2. Pass a resolution by the appropriate (as defined in the company's Articles of Incorporation and Bylaws) majority of company stock authorizing its officers to do the following:
 - a. Assign properties and easements required for the project to the Board of Water Resources.
 - b. Enter into a contract with the Board of Water Resources for construction of the project and subsequent purchase from the Board.
3. Have an attorney give the Board of Water Resources a written legal opinion that:
 - a. The company is legally incorporated for at least the term of the purchase contract and is in good standing with the state Department of Commerce.
 - b. The company has legally passed the above resolution in accordance with the requirements of state law and the company's Articles of Incorporation and Bylaws.

c. The sponsor has obtained all land, easements, rights-of-way, and permits required for the project and that they can be legally transferred to the Board of Water Resources.

4. Obtain approval of reports, plans, and specifications from the Division of Water Resources and Division of Water Rights for all short-term and long-term, temporary and permanent, work proposed to stabilize, drain, and restore the failed hillside and assure continued safe operation of the canal in the vicinity.

| | | |
|---------|------------|-----------------------|
| PROJECT | President: | D. Pete Page |
| CONTACT | | 195 South 50 West |
| PEOPLE: | | Kaysville, UT 84037 |
| | | Phone: (801) 544-2168 |
| | Manager: | Ivan J. Ray |
| | | 138 West 1300 North |
| | | Sunset, UT 84015-2918 |
| | | Phone: (801) 774-6373 |
| | Engineer: | J-U-B Engineers |
| | | 466 North 900 West |
| | | Kaysville, UT 84037 |
| | | Phone: (801) 547-0393 |



Project Location



Landslide Location



DAVIS AND WEBER COUNTIES CANAL COMPANY South Weber Landslide Repair Project Davis County

BOARD OF WATER RESOURCES

Special Item

Committal of Funds

Conservation and Development Fund

Appl. No.: **K-203**

To be Presented at the March 10, 2005 Board Meeting

SPONSOR: ***ENTERPRISE RESERVOIR & CANAL COMPANY***

President: James L. Simkins
P.O. Box 67
Enterprise, UT 84725
Phone: (435) 878-2324

LOCATION: The project is located in and near the City of Enterprise in Washington County.

SUMMARY: In 1980 the sponsor's Upper Enterprise Dam was repaired and enlarged. The board provided about \$535,000 (100%) for construction, and the sponsor is returning the current balance of \$411,968 at 0% interest with annual payments of about \$12,900 through 2036.

In 1984 the sponsor installed a gravity pressurized sprinkle irrigation system over about 2,000 acres. The board provided about \$2.25 million (100%) for construction, and the sponsor is returning the current principal balance of \$1,606,368 at 3% interest with annual payments of about \$104,200 through 2025.

The recent flooding in Washington County caused substantial damage to the sponsor's irrigation system and minor damage to both Upper and Lower Enterprise Dams (the board does not hold title to Lower Enterprise Dam). The emergency spillway of Upper Enterprise overtopped, as intended in high inflow events, and needs to be repaired. The right sidewall of the principal spillway of Lower Enterprise eroded

and also needs to be repaired. About 1,200 feet of the 27-inch main transmission pipeline of the sprinkle system washed out and a regulating reservoir filled with silt. Several wash crossings also probably washed out and some pipes likely filled with mud, but until things dry out and the sponsor can begin making repairs, the full extent of damage to the sprinkle system will not be known.

The sponsor is requesting financial assistance from the board to repair flood damages.

COST SHARING: The cost to make repairs is estimated at \$100,000. The company is working with the Farm Service Agency (USDA) and may be eligible for a 50% grant. Due to the emergency nature of this request and the uncertainties that exist, however, staff suggests the board commit up to \$100,000, to be added to the company's Upper Enterprise Dam contract. Funds would be returned at the current annual amount of about \$12,900, which would require an additional eight years be added to the current contract term. Staff also suggests the sponsor be required to use all money obtained from other sources to reduce the board's share of the flood damage repair project or to repay the board's assistance.

BOARD OF WATER RESOURCES

Application Summary

Appl. No. ***E-164***

Received: 1/25/05

SPONSOR: ***BRYNER-PLOUTZ DITCH COMPANY***

President: Steven Giacoletto
101 West 200 North
Helper, UT 84526
Phone: (435) 472-8782

LOCATION: The proposed project is located north of Helper in Carbon County.

PROPOSED PROJECT: The sponsor is requesting assistance to replace about two miles of irrigation ditch with pipeline.

WATER RIGHTS:

- Morse Decree: 1.99 cfs
- Keller Decree: 9.93 cfs
- Price River Water Users Association Shares: 89.79 acre-feet

COST ESTIMATE: \$140,000

BOARD OF WATER RESOURCES

Application Summary

Appl. No. ***E-165***

Received: 2/17/05

SPONSOR: ***LINCOLN CULINARY WATER CORPORATION***

President: Paul Kuester
1849 N. Blue Peak Drive
Lincoln, UT 84074
Phone: (435) 882-4829

LOCATION: The proposed project is located about two miles northeast of Tooele in the unincorporated community of Lincoln in Tooele County.

PROPOSED PROJECT: The sponsor is requesting assistance to acquire and redevelop a spring in a tunnel, make improvements to the tunnel, and install 2 1/2 miles of pipeline to connect the spring to the existing culinary system.

WATER RIGHTS: The sponsor's current rights are in the name of the board. Right 15-1653 for 0.122 cfs will be acquired for the redeveloped spring from Kennecott Land Company.

COST ESTIMATE: \$423,000

BOARD OF WATER RESOURCES

Application Summary

Appl. No. ***E-166***
Received: 2/23/05

SPONSOR: ***CIRCLEVILLE IRRIGATION COMPANY***

President: Chris Fullmer
210 West 200 South
Circleville, UT 84723
Phone: (435) 577-2585

LOCATION: The proposed project is located in and around
Circleville in Piute County.

PROPOSED PROJECT: The sponsor is requesting assistance to replace about
150 irrigation water control gates on several canals.

WATER RIGHTS: 61-689, 690, 878, 1465, 2000, 2001, 2002, and 2003

COST ESTIMATE: \$611,000

BOARD OF WATER RESOURCES

Application Summary

Appl. No. ***E-167***

Received: 2/23/05

SPONSOR: ***LOSS CREEK IRRIGATION COMPANY***

President: Michael Dalton
121 West 400 South
Circleville, UT 84723
Phone: (435) 577-2863

LOCATION: The proposed project is located about a mile south of
Circleville in Piute County.

PROPOSED PROJECT: The sponsor is requesting assistance to pipe an
irrigation canal.

WATER RIGHTS:

- 61-876, 891, 2000, 2001, 2002, 2003, and 2024
- 63-3193, 3229, and 3230

COST ESTIMATE: \$524,000

Unapproved
MINUTES OF THE
BOARD OF WATER RESOURCES
BRIEFING MEETING
January 28, 2005

Room 314
Department of Natural Resources Building
1594 West North Temple
Salt Lake City, Utah

MINUTES OF THE
BOARD OF WATER RESOURCES
BRIEFING MEETING
Room 314
Department of Natural Resources Building
January 28, 2005

ATTENDEES:

Harold Shirley
Ivan Flint
Paul McPherson
George Harmond, Jr.
Paul Riley
Warren Peterson
Brad Hancock

Jerry Olds, State Engineer
Sherm Hoskins, Deputy Director
Mike Styler, Department Director
Darin Bird, Department Deputy Director
Robyn Pearson, Department Deputy Director

Larry Anderson, Director
Dennis Strong, Deputy Director
Eric Millis, Asst. Director
Todd Adams, Chief, Hydrology and Computer Applications
Steve Wilde, Chief, Investigations
Nathan Kennard, Engineer
Geralee Murdock, Administrative Secretary

Chair Harold Shirley welcomed everyone to the meeting. He expressed appreciation to Sherm Hoskins for all he has done for the Board of Water Resources, and hopes his health will continue to improve.

Director Anderson introduced Jerry Olds, State Engineer. Mr. Olds said he was glad to address the board and talk about the State Engineer's policy on the Colorado River. He is currently reevaluating the Colorado River policy and said one of the challenges the State Engineer is facing is how Utah can best use its entitlement of the River. Mr. Olds said the Board holds the Flaming Gorge water right applications that have proofs due in 2009. Director Anderson said the Board needs to hold a discussion with the State Engineer before the Flaming Gorge water is reallocated. There may not be water available. Ivan Flint complimented Jerry Olds for the work he is doing as State Engineer.

Director Anderson introduced Mike Styler, Department Executive Director, Darin Bird and Robyn Pearson, Department Deputy Directors. Mr. Styler expressed appreciation to the Board for the work they do, and explained the Governor's desire to get the private and public sector to work together. Darin Bird and Robyn Pearson each introduced themselves to the Board.

Eric Millis gave each Board Member a booklet containing information about the Legislators that are involved with natural resources issues. He also gave each one a memo explaining what is happening this Legislative Session. He said most of the natural resources-related bills concerning water rights issues. Mr. Millis also talked about the success of the Division's budget hearing with the Legislature. Director Anderson thanked Dennis Strong and Terri Jackson for their efforts in putting the budget together.

DISCUSSION OF PROJECTS

Centerville City

Steve Wilde said Centerville City is requesting financial assistance to install a pressurized secondary irrigation system for 73 homes in the Chase Lane West Subdivision; secondary water was not required when the subdivision was built in the 1970s. The Weber Basin Water Conservancy District will manage the water system. The estimated cost of the project is \$194,000. The city is requesting \$156,000 (80%) from the Board and the funds will be repaid in ten years at 5% interest with annual payments of approximately \$20,200.

Elwood Town

Elwood Town is requesting funds to construct a 500,000 gallon culinary water storage tank and install about 7 ½ miles of transmission and distribution pipeline. The estimated cost of the project is \$1.70 million. The town is requesting the Board provide 90% of the funds instead of staff's recommended 85%.

Kamas City

Kamas City is requesting financial assistance to replace the main culinary water pipelines under Main Street with new, larger 12-inch pipe, and install new shutoff valves, fire hydrants, and service connections. The estimated cost of the project is \$1.376 million. The city is requesting the Board provide \$1.17 million (85%) to be repaid in 20 years at 5% interest with escalating annual payments. Ivan Flint said the city feels 5% is higher than it would like to pay and will be requesting a lower interest rate.

Leeds Water Company

Mr. Wilde reported the company is returning for committal of funds. The project is the same as reauthorized. Harold Shirley said the Leeds Water Company and Silver Reef residents are trying to work things out. Silver Reef residents have purchased six water shares and will have water for their trees. Silver Reef residents will have to pay O&M costs and also pay for a bond. The Leeds Water Company is waiting for a Forest Service permit and will, therefore, initially only construct the portion of the irrigation system below the Forest Service boundary.

Ferron Canal & Reservoir Company

The company is ready to construct the final phase (Clawson Ditch Group) of a six-phase project and is requesting \$750,000 (22%) be committed. Director Anderson said this is the last portion of a salinity control project to be constructed. Federal funds in the amount of \$2.325 million have been committed for this final phase.

Mr. Wilde said both Willow Creek Irrigation Company and Cedar Creek Irrigation Company projects were the same as authorized.

Sand Creek Irrigation Company

Mr. Wilde reported the Sand Creek Irrigation Company is requesting 0.401 cfs of its 6.5 cfs water right (currently held by the Board) be released for use by Torrey Town.

Uintah Water Conservancy District

In 2000 the Board authorized \$720,000 (80%) to help build a project consisting of two components. The first project consisted of a pipeline. The second project consisted of installing a pump station where the Island Ditch crosses the Steinaker Service Canal. The district constructed and paid for the first project. It is now requesting financial assistance in the amount of \$342,000 (41%) to construct the second project (pump station). Staff feels the project should be reauthorized as there are changes to the originally proposed project.

The district is requesting a lower interest rate and lower annual payments than shown in the feasibility report. The Board discussed several options.

Orem City

Dennis Strong said Orem City is requesting the Board provide \$112,000 for bond insurance. The insurance will save the city approximately \$859,000 in interest payments over the bond's repayment period.

Grantsville Irrigation Company

Director Anderson said Grantsville Irrigation Company is requesting the Board modify its contract as the company will be unable to make scheduled annual payments beginning March 1. The company is requesting the contract be amended to require \$250,000 fixed annual payments at 0% interest. Mr. Anderson spoke with Bill Marcovecchio regarding the request and Mr. Marcovecchio said he would support a \$250,000 payment this March, at 2% interest, with an increase of \$2,000 a year through 2014, and then suggests a reevaluation at that time.

Meeting adjourned at 11:45 a.m.

Unapproved
MINUTES
BOARD OF WATER RESOURCES MEETING
January 28, 2005

Auditorium
Department of Natural Resources Building
1594 West North Temple
Salt Lake City, Utah

TABLE OF CONTENTS

| | <u>page</u> |
|--|-------------|
| SUMMARY OF BOARD ACTIONS | ii |
| THOSE PRESENT | iii |
| APPROVAL OF MINUTES | 1 |
| WATER SUPPLY OUTLOOK | 1 |
| SPECIAL ITEMS | |
| #E-036 Uintah Water Conservancy District | 1 |
| #D-802 Sand Creek Irrigation Company | 6 |
| #E-159 Orem City | 6 |
| #N-222 Grantsville Irrigation Company | 7 |
| FEASIBILITY REPORTS | |
| #E-155 Centerville City | 2 |
| #E-549 Elwood Town | 3 |
| #L-550 Kamas City | 3 |
| COMMITTAL OF FUNDS | |
| #E-132 Leeds Water Company | 4 |
| #E-149 Willow Creek Irrigation Company | 5 |
| #E-152 Cedar Creek Irrigation Company | 5 |
| #E-162 Ferron Canal & Reservoir Company | 5 |
| DIRECTOR'S REPORT | 7 |
| NEXT BOARD MEETING | 8 |

SUMMARY OF BOARD ACTIONS

1. The Minutes of the December 10, 2004 Board meetings were approved with suggested changes. Page 1
2. The Board reauthorized the Uintah Water Conservancy District project in the amount of \$342,000 (41%) to be repaid at 3% interest over 25 years with approximate annual payments of \$19,700. Page 2
3. The Centerville City (Chase Lane West Subdivision) project was authorized in the amount of \$156,000 (80%) to be repaid in 10 years at 5% interest with annual payments of approximately \$20,200, plus reserves of about \$3,400 for the first six years. Page 3
4. The Board authorized the Elwood Town project in the amount of \$1.53 million (90%) to be returned in 25 years at 3.5% interest with escalating annual payments. Page 3
5. The Kamas City project was authorized in the amount of \$1.170 million (85%) at 4.5% interest to be repaid with escalating annual payments over approximately 20 years. Page 4
6. Funds were committed to the Leeds Water Company in the amount of \$1.006 million (89%) to be returned at 1% interest over 30 years with annual payments of approximately \$39,000. Page 5
7. The Board committed funds to the Willow Creek Irrigation Company in the amount of \$1.048 million (85%) to be returned in 25 years at 1% interest with annual payments ranging from approximately \$45,100 to \$50,600. Page 5
8. Funds were committed to the Cedar Creek Irrigation Company project in the amount of \$330,000 (88%) to be returned with annual payments of \$15,800 at 0% interest over approximately 21 years. Page 5
9. The Board committed funds to the Ferron Canal & Reservoir Co. project up to \$750,000 (22%) to be repaid at 3% interest over 25 years with annual payments of approximately \$43,100. Page 6
10. The Board released 0.401 cfs of the Sand Creek Irrigation Company's water rights, being used as collateral, so the company can deed it back to Torrey Town. Page 6
11. The Board granted Orem City \$112,000 for bond insurance. Page 6
12. The Grantsville Irrigation Company contract was amended to state the March 1, 2005, payment will be \$250,000, the interest rate will remain at 2%, payments for the years 2006 through 2014 will increase by \$2,000 annually and then payments will revert to the current schedule in 2015 when the payment required is \$370,000. This will be subject to modification by the Board in the future. Page 7

THOSE PRESENT

The Utah BOARD OF WATER RESOURCES met in regular session on Friday, January 28, 2005 in the auditorium of the Department of Natural Resources Building, 1594 West North Temple, Salt Lake City, Utah. Chair Harold Shirley presided over the 1:00 p.m. meeting.

BOARD MEMBERS PRESENT:

Harold Shirley
Ivan Flint
George Harmond, Jr.
Paul McPherson
Paul Riley
Brad Hancock
Warren Peterson
Bill Marcovecchio was absent

STAFF MEMBERS PRESENT:

D. Larry Anderson, Director
Dennis Strong, Deputy Director
Eric Millis, Asst. Director
Randy Staker, Accountant
Todd Adams, Chief, Hydrology and Computer Applications
Steve Wilde, Chief, Interstate Streams
Russell Hadley, Engineer
Val Anderson, Engineer
Gina Hirst, Engineer
Tom Cox, Engineer
Marisa Egbert, Engineer
Geralee Murdock, Administrative Secretary

OTHERS PRESENT:

Robyn Pearson, Deputy Director, Department of Natural Resources
Sherm Hoskins, Deputy Director, Department of Natural Resources
Darren Hess, Engineering Dept. Manager, Weber Basin Water Conservancy District

Scott Ruppe, General Manager, Uintah Water Conservancy District
John B. Hunting, Uintah Water Conservancy District
Mike Collins, Bowen, Collins & Associates

OTHERS PRESENT CONT'D:

Steve Thacker, City Manager, Centerville City
Kent Roneir, citizen, Centerville City
Kevin Campbell, ESI Engineering

Greg Iverson, Mayor, Elwood Town
Brad Frank, Councilman, Elwood Town
Neil Anderson, Councilman, Elwood Town
D. Chris Wight, Project Manager, Hansen & Associates
Matthew Mayer, Engineer, Elwood Town
James Bennett

Lewis Marchant, Mayor, Kamas City
Scott Kettle, Project Engineer, Kamas City

Frank B. Lojko, Silver Reef – Leeds Water Company

Neil Sorensen, Cedar Creek Irrigation Co.

Tracy Behling, President, Ferron Canal & Reservoir Company

Jerry Washburn, Mayor, Orem City
Bruce Chesnut, Public Works Director, Orem City

Judd Lawrence, Grantsville Irrigation Co.
Gene Marshall, Board member, Grantsville Irrigation Company
Joe Peterson, President, Grantsville Irrigation Company
Rich Anderson, Board Member, Grantsville Irrigation Company
Ernest Matthews, Board member, Grantsville Irrigation Company
Lynn Taylor, Water Master, Grantsville Irrigation Company
Sunnie Titmus, Grantsville Irrigation Co.
Dick Johnson, Board member, Grantsville Irrigation Co.
Enid Peterson, Grantsville Irrigation Co.
Karen Johnson, Office Manager, Grantsville Irrigation Co.

MINUTES OF THE
BOARD OF WATER RESOURCES MEETING
January 28, 2005

Chair Harold Shirley welcomed everyone to the meeting.

APPROVAL OF THE MINUTES

Paul Riley made the motion, seconded by Ivan Flint to approve the minutes of the December 10, 2004, meeting with suggested changes. The Board agreed unanimously.

WATER SUPPLY OUTLOOK

Randy Julander talked about the flooding that occurred in the Washington County area and showed pictures of both the Lower and Upper Enterprise Dams overflowing. These floods washed out a road and bridge leading to these dams. Snowpack is in the 200% plus percent of normal range in Southern Utah. The Bear River area is the lowest percentage in the state at 124% of normal. In the first two weeks of January we received more snow in Southern Utah than we normally receive all year long. For Southern Utah we are at the maximum snowpack ever recorded and we still have another 2 ½ months of accumulation. Mr. Julander said the soil moisture throughout the state is easily double to triple what we had last year. Reservoir storage is still low in the Bear, Provo, and the Sevier River drainages. The spring temperature outlook is above normal; the precipitation outlook is slightly above normal.

SPECIAL ITEMS

#E-036 Uintah Water Conservancy District

Chair Shirley introduced Scott Ruppe, general manager; John Hunting, and Mike Collins of Bowen, Collins and Associates. Gina Hirst reported since the Vernal Unit of the Central Utah Project was completed, the district has had difficulty delivering water to farms on the upper side of Ashley Valley. The Ashley Upper Canal, Highline Canal, and Colton Ditch Canal are all above the Vernal Unit's Steinaker Reservoir. As the irrigation season progresses, there is not enough flow in the Ashley Creek to satisfy storage rights held in Steinaker Reservoir by these canal companies, and the primary water rights in the creek that belong to other users.

In 2000 the Board authorized \$720,000 to help build a project consisting of two components. The first project consisted of a pipeline to exchange unused M&I water with irrigation water rights in Ashley Creek. This project has been constructed and paid for by the district. The second project consists of installing a pump station where the Island Ditch crosses the Steinaker Service Canal. The district is now requesting financial assistance to construct the second project. Engineering is being provided by Bowen, Collins and Associates in Draper.

The estimated cost of the second project is \$842,000. The Board is requested to provide \$342,000 (41%). A Bureau of Reclamation 2025 grant of \$300,000 (36%) has been applied for by the district, and the district will provide \$200,000 (23%). Staff is recommending the \$342,000 be repaid in 10 years at 5% interest with annual payments of approximately \$44,300. The district is requesting annual payments of \$15,000 as its shareholders have stated the cost/share to return Board financial assistance must be less than \$1.00. Although not all shareholders will benefit from the project, they are willing to assist in creating equity among all.

Scott Ruppe, general manager of the district, said the district was able to construct the first portion of the project with help from the Central Utah Water Conservancy District, and therefore did not use Board funds. The district has shareholders who do not benefit from the proposed project. The shareholders say they are willing to pay a part so there is equity, but are not willing to pay more than a certain amount. He said the district is hoping to get terms that can make the project a reality. Mr. Ruppe questioned why the project was being reauthorized. It is still the same project, however the district constructed and financed the first portion and it is asking for less money.

Director Anderson said the reason the project was reauthorized is it had been some time since the project was originally authorized and the Board likes to have the opportunity to revisit projects after three, four or five years. Mr. Anderson said the project probably should have been presented at 3% interest as it is an agricultural project and the benefits have not changed.

Brad Hancock said the district does need to try and equalize benefits to all water users on the system as the majority of them will not benefit from this project. He made the motion to reauthorize the project in the amount of \$342,000 (41%) to be repaid at 3% interest over 25 years with approximate annual payments of \$19,700. Warren Peterson, after discussing the project further, seconded the motion and it was agreed upon unanimously by the Board.

FEASIBILITY REPORTS

#E-155 Centerville City

Chair Shirley introduced Steve Thacker, city manager; Kent Roneir, and Kevin Campbell, engineer. Gina Hirst reported the 73-home Chase Lane West Subdivision is located in Centerville was built in the 1970s. About 80% of the culinary connections in Centerville are connected to a pressurized secondary system, however the Chase Lane West Subdivision uses culinary water both indoors and outdoors since a secondary system was not required when the subdivision was built, plus Weber Basin Water Conservancy District (WBWCD) was not able to provide secondary water to the area at that time.

The city is requesting financial assistance to install a pressurized secondary irrigation system, to be connected to the WBWCD's existing supply lines in the Chase Lane West Subdivision. The cost of the project is estimated at \$194,000. The city intends to form a special improvement district to aid the subdivision by bonding to pay for the project. E S I Engineering will provide technical assistance.

The city received \$310,000 from the Board on two different occasions in the early 1980s to help build culinary projects; both loans have been paid off. In the past two years the city received \$1.158 million (\$1.142 million loan and \$16,000 bond insurance grant) to help build culinary water system improvement, sub-drain pipeline, and stream channel improvement projects; the loan will be paid off in 2020.

Mr. Thacker said the city appreciates staff's work on this project. Ivan Flint made the motion to authorize the Centerville City (Chase Lane West Subdivision) project in the amount of \$156,000 (80%) to be repaid in 10 years at 5% interest with annual payments of approximately \$20,200, plus reserves of about \$3,400 for the first six years. George Harmond, Jr. seconded the motion and the Board agreed unanimously.

#L-549 Elwood Town

Chair Shirley introduced Greg Iverson, mayor; Chris Wight, project manager; Brad Frank and Neil Anderson, councilmen; and Matthew Meyer, engineer. Val Anderson reported Elwood Town is located 11 miles north of Brigham City in Box Elder County. The town's existing culinary water storage capacity and a number of older pipelines are too small to satisfy projected growth and fire flow requirements. One of the main transmission pipelines is exposed in several areas due to ground erosion and is plagued by leaks. Because of these problems, the town has imposed a building moratorium on all new construction.

The town is requesting financial assistance to construct a 500,000 gallon concrete storage tank and install about 7 ½ miles of transmission and distribution pipeline. Hansen & Associates in Brigham City will provide design and construction engineering services. The project is estimated to cost \$1.7 million. Since the project will replace old pipelines, add capacity, and develop no new water, the benefit/cost ratio is assumed to be 1.0.

Mayor Iverson expressed appreciation to the Board for consideration of the project and complimented Val Anderson for recommending the project be constructed all at once rather than in parts; he said he appreciated Val's help. He said Elwood is a small farming community and would have difficulty making staff's suggested \$255,000 cost share, and therefore requested a 90/10% split instead of staff's recommended 85/15%.

Paul Riley made the motion to authorize the Elwood Town project in the amount of \$1.53 million (90%) to be repaid in 25 years at 3.5% interest with escalating annual payments. Warren Peterson seconded the motion and the Board agreed unanimously.

#L-550 Kamas City

Chair Shirley introduced Lewis Marchant, mayor; and Scott Kettle of Horrocks Engineers. Russell Hadley reported Kamas City supplies culinary water to 556 connections.

Most use the water indoors and outdoors, with only about 10% having access to a lawn and garden irrigation system run by a local irrigation company.

The culinary system consists of two springs, two wells, three 500,000 gallon storage tanks, and transmission and distribution pipelines. Two main lines under Main Street are plagued by multiple breaks and leaks. The city is requesting financial assistance to replace the main pipelines under Main Street with new, larger 12-inch pipe, and install new shutoff valves, fire hydrants, and service connections. Horrocks Engineers in Heber City will provide design and construction engineering services.

The project is estimated to cost \$1.376 million. Staff is suggesting it be repaid in 20 years at 5% interest. The city is requesting a lower interest rate of 2.5% over 20 years with payments ranging from \$75,500 to \$100,000. Kamas City has a previous project with the Board that will be repaid in 2021.

Mayor Marchant said the city appreciated Russell's help and also the Board's consideration. He said the city has a window of opportunity and feels it needs to address the water line problems as UDOT has plans in the future to road mill this particular highway. The city wants to get the water line completed before this occurs. Scott Kettle said the city would like to save the residents money and would therefore like a 2.5% interest rate rather than the suggested 5%.

Ivan Flint said the interest rate and repayment rate are based on the Board's guidelines and the city's ability to repay. The Board took this into consideration. Mr. Flint made the motion to authorize the Kamas City project in the amount of \$1.170 million (85%) at 4.5% interest to be repaid with escalating annual payments over approximately 20 years. Paul Riley seconded the motion and the Board agreed unanimously.

COMMITTAL OF FUNDS

#E-132 Leeds Water Company

Tom Cox reported the Board reauthorized the Leeds Water Company project to replace two miles of unlined transmission ditch with pipe, and install five miles of pipeline in the town of Leeds to provide pressurized irrigation. The transmission ditch runs past the historic Silver Reef area and some of its residents have voiced concern regarding impacts of the proposed pipeline project. The Leeds Water Company and the Silver Reef residents have come to a compromise. The Silver Reef residents have purchased six shares of water; the Leeds Water Company will need to file a change application with the State Engineer so some of its acreage can be transferred to the Silver Reef area.

The process of obtaining a special use permit from the Forest Service is continuing. The company plans to first construct that portion of the irrigation system below the forest boundary.

The cost estimate for the project remains the same as reauthorized, with the Board providing 89% of the total project cost of \$1.131 million. Board funds will only be used on those portions of the project off Forest Service property until the special use permit is obtained.

Paul Riley made the motion, seconded by Paul McPherson to commit funds to the Leeds Water Company in the amount of \$1.006 million (89%) to be returned at 1% interest over 30 years with annual payments of approximately \$39,000. The Board unanimously agreed.

#E-149 Willow Creek Irrigation Company

Russell Hadley reported the proposed project is located in and around the unincorporated community of Axtell in Sanpete County. The company is requesting financial assistance to construct a pressurized irrigation system to serve 1,200 acres of farmland and up to 117 homes' lawns and gardens. The proposed cost estimate and sharing remain the same as authorized.

Warren Peterson made the motion to commit funds to the Willow Creek Irrigation Company in the amount of \$1.048 million (85%) to be returned in 25 years at 1% interest with annual payments ranging from approximately \$45,100 to \$50,600. George Harmond, Jr. seconded the motion and it was unanimously agreed upon by the Board.

#E-152 Cedar Creek Irrigation Company

Chair Shirley introduced Neil Sorensen, company secretary. Tom Cox reported the proposed project is located about two miles northeast of Spring City in Sanpete County. The company is requesting financial assistance to install a gravity pressurized irrigation system. The project is estimated to cost \$375,000.

Warren Peterson made the motion, seconded by Paul McPherson to commit funds to the Cedar Creek Irrigation Company in the amount of \$330,000 (88%) to be returned with annual payments of \$15,800 at 0% interest over approximately 21 years. The Board agreed unanimously.

#E-162 Ferron Canal & Reservoir Company

Chair Shirley introduced Tracy Behling, president. Tom Cox reported the Board authorized a six-phase, \$16.32 million project to replace the company's open ditch irrigation system with gravity pressurized pipe systems. Four phases of the project have been completed with federal grants and local participation. The Board committed \$2 million for another phase (Molen Ditch Group) with the stipulation the company could return to the Board to request funds to help build the final phase (Clawson Ditch Group). The company is ready to proceed with the Clawson Ditch Group project, has purchased pipe with the final allotment of federal grant funds, and requests financial assistance in the amount of \$750,000 (22%) from the Board to install the project.

Mr. Behling said he appreciated the opportunity to appear before the Board, and said these funds will complete the salinity project in Emery County. He said the company was excited to have the project completed after five years of installing almost 150 miles of pipe.

Warren Peterson said he would abstain from voting on the motion as he wanted to avoid the appearance of a conflict of interest. George Harmond, Jr. made the motion to commit funds up to \$750,000 (22%) to be repaid at 3% interest over 25 years with annual payments of approximately \$43,100. Ivan Flint seconded the motion and it was unanimously agreed upon by the Board. Warren Peterson abstained.

SPECIAL ITEMS

#D-802 Sand Creek Irrigation Company

Steve Wilde reported the Sand Creek Irrigation Company received about \$125,000 from the Board in 1993 to help build an irrigation diversion structure and a few miles of transmission pipeline. The Board has title to 6.5 cfs of the company's water rights through the year 2017 when the project is paid off. Torrey Town, one of the irrigation company's shareholders, would like 0.401 cfs of Water Right No. 95-1715 as it needs to develop additional water sources. The company is, therefore, requesting the Board release 0.401 cfs of the rights it holds, so the company can deed that amount to Torrey.

Warren Peterson made the motion the Board release 0.401 cfs of the Sand Creek Irrigation Company's water rights, being used as collateral, so the company can deed it back to Torrey Town. Paul Riley seconded the motion and the Board agreed unanimously.

#E-159 Orem City

Chair Shirley introduced Jerry Washburn, Mayor; Bruce Chesnut, Public Works Director and Laura Lewis, Financial Advisor. Dennis Strong reported Orem City, in cooperation with the Central Utah Water Conservancy District (CUWCD) plans to construct a 20-million gallon culinary water storage tank and install about 12 miles of 14 to 6-inch pipe all at a total cost of about \$25 million. Orem plans to sell a \$12.2 million water revenue bond, receive \$9.32 million from the CUWCD and obtain a \$3 million loan from the Drinking Water Board. The city is requesting the Board provide an \$112,000 grant to purchase bond insurance, which will reduce the bond's interest rate about 0.24%.

Paul McPherson made the motion to grant Orem City \$112,000 for bond insurance. Warren Peterson seconded the motion and it was unanimously agreed upon by the Board.

#N-222 Grantsville Irrigation Company

Chair Shirley introduced President Joe Peterson, Judd Lawrence, Gene Marshall, Rich Anderson, Ernest Matthews, Lynn Taylor, Sunnie Titmus, Dick Johnson, Enid Peterson and Karen Johnson. Steve Wilde reported in the mid-1980s the Board provided about \$9.2 million to the company for a 3,400 acre-foot reservoir and pressurized irrigation system. In 1992 the Board approved modifications to its contract because it had been determined the original repayment terms were overly optimistic. Less than half of the projected 2,400 Grantsville City drinking water connections signed up to receive secondary water; the remaining residents use city culinary water for outdoor watering. Because of this, the irrigation company is unable to keep pace with the required increasing annual payments to the Board. The payment is currently rising annually by \$10,000.

The irrigation company is requesting the Board again amend the contract and reduce the interest rate from 2% to 0% and have all remaining payments be \$250,000 starting March 1, 2005. Staff is recommending the interest rate remain at 2%, and March 1, 2005, payment be \$250,000, and each succeeding payment rise by \$2,000 to about \$346,000 in the final year of 2054.

Warren Peterson made the motion to amend the Grantsville Irrigation Company contract to state the March 1, 2005, payment will be \$250,000, the interest rate will remain at 2%, payments for the years 2006 through 2014 will increase by \$2,000 annually, and then payments will revert to the current schedule in 2015 when the payment required is \$370,000. This will be subject to modification by the Board in the future. Paul Riley seconded the motion.

Director Anderson said he had spoken with Bill Marcovecchio the previous day and Mr. Marcovecchio agreed with the above proposal. He was unable to attend the meeting because of his wife's ill health. Warren Peterson explained why he made the motion the way he did. After considerable discussion from the irrigation company's representatives, Chair Shirley called for a vote and the Board agreed unanimously.

DIRECTOR'S REPORT

Director Anderson talked about the state's recently released 2005 baseline long-term projection. Utah's population is expected to reach 5.4 million by the year 2050. The most rapid growth will occur in Morgan, Summit, Wasatch and Washington counties. Tooele County is the next fastest growing county.

Mr. Anderson mentioned there is a copy of a talk given by Justice Hobbs of Colorado in the Board folder and suggested the Board might enjoy reading it.

A list of communities not in compliance with the state's Water Conservation Plan Act is also in the Board folder. The list has been released in several newspapers throughout the state.

Director Anderson said the Uintah Basin Water Conference is being held February 8 and 9 in Vernal, Utah and the Utah Water Users Conference is being held March 8 and 9 in St. George Utah. Board members are encouraged to attend.

NEXT BOARD MEETING

The next Board meeting of the Board of Water Resources will be held Thursday, March 10, 2005 at the Crystal Inn in St. George, Utah. The meeting is being held in conjunction with the Water Users Workshop.

Approved
BOARD OF WATER RESOURCES
BRIEFING MEETING
December 10, 2004

Room 314
Department of Natural Resources Building
1594 West North Temple
Salt Lake City, Utah

BOARD OF WATER RESOURCES
BRIEFING MEETING
12/10/04 – 7 a.m.

Attendees:

Harold Shirley
Ivan Flint
Bill Marcovecchio
George Harmond, Jr.
Paul McPherson
Warren Peterson
Brad Hancock
Paul Riley

Larry Anderson
Dennis Strong
Eric Millis
Steve Wilde
Todd Adams
Gina Hirst
Tom Cox
Geralee Murdock

Others Present:

Brent Gardner

Board Chair Harold Shirley welcomed everyone to the meeting.

APPROVAL OF BOARD'S 2005 MEETING SCHEDULE

Paul Riley made the motion, seconded by Brad Hancock to approve the 2005 Board Meeting Schedule (copy attached) as amended. The Board agreed unanimously.

FLAMING GORGE WATER RIGHT

Dennis Strong stated a letter has been received from Tim Vetere requesting the Board allow him to use part of the Flaming Gorge water right on a time-limited basis for irrigation of up to 10,000 acres in the Green River, Utah area. He is asking for between 40,000 and 50,000 acre-feet.

Mr. Vetere is aware of the Board's reservation of 73,000 acre-feet of depletion for the Lake Powell pipeline. He would like the Board to allow him, on a time-limited basis to use a portion of that 73,000 acre-feet. Asst. Attorney General, Norm Johnson, has reviewed the Board statute and finds nothing that would preclude the Board from issuing a time-limited water right.

The Washington County Water Conservancy District believes it will need Lake Powell water as early as 2020. The Board could consider allowing a time-limited lease for a diversion of 50,000 acre-feet. The lease could include a provision allowing extensions on a year-to-year basis after that, if the Board chooses.

Director Anderson said he didn't know if the Board wanted to go into the business of being State Engineer. Mr. Anderson talked with Jerry Olds and asked him what he thought about the Board leasing Flaming Gorge water to Mr. Vetere. Mr. Olds has not looked into the policy, but will do so. At the present time the policy says the State Engineer can approve up to 60 acres where the applicant will put the water to use in a reasonable amount of time. Mr. Olds suggests the Board not make a decision until he reviews the policy.

George Harmond, Jr. made a motion to table Tim Vetere's request until the April Board meeting. Paul Riley seconded the motion and the Board agreed unanimously.

DISCUSSION OF PROJECTS

Ashley Valley Reservoir Company

Steve Wilde reported the company is located in the Vernal area. It is requesting financial assistance to replace 30,000 feet of mountain canal as it loses about 1,200 acre-feet of water annually. The company is requesting approximately \$1.5 million from the Board for installation of pipe. The company does not feel it can assess its culinary water shared at a higher rate than

agricultural shares and would like staff's suggested repayment terms changed. Staff feels payments should remain at \$85,000 per year at 2% interest as written.

Cedar Creek Irrigation Company

Steve Wilde reported the company received financial assistance from the Board in the past to install low-head pipe, concrete-lined ditches, and 4-1/2 miles of transmission pipeline. The company would now like to install a pressurized irrigation system that would include a regulating pond and 8.5 miles of pipeline for irrigation and stockwatering. Tom Cox said the NRCS will provide technical service and also EQIP funds to pay for the aboveground sprinklers and equipment.

COMMITTAL OF FUNDS

Leeds Water Company

Dennis Strong said the Leeds Water Company is requesting committal of funds, however the bid came in higher than expected. The project will now fall under the requirements for the C&D Fund because of the amount of funds needed from the Board. Brent Gardner, engineer for the company, said the bid was about \$6 a foot more for pipe than what was predicted. Director Anderson said with this major change the project should be re-authorized at a higher amount. The company will need to hold a stockholders meeting, and funds can possibly be committed in the January meeting.

Hanna Water & Sewer District

Director Anderson said the Community Impact Board has voted to modify its loan agreement with the district to reduce its interest rate to 0%, extend the repayment period to 35 years, defer the next three payments and resume them in 2008, and reduce debt service coverage from a current 125% down to 100%. The district is requesting the Board postpone its next three payments, extend its repayment period to 35 years, and reduce debt service coverage from 125% down to 100%. The district may default on its loan if these actions are not taken.

Porcupine Highline Canal Company

Paul Riley said the company is requesting its first payment of \$6,000 due December 1, 2004, be postponed one year because of a delay in construction. Staff is recommending this action be taken and that all remaining payments be due one year later than presently required.

Meeting adjourned at 9:00 a.m.

Approved
MINUTES OF THE
BOARD OF WATER RESOURCES
December 10, 2004

Auditorium
1594 West North Temple
Salt Lake City, Utah

TABLE OF CONTENTS

| | <u>page</u> |
|--|-------------|
| SUMMARY OF BOARD ACTIONS | ii |
| THOSE PRESENT | iii |
| APPROVAL OF MINUTES | 1 |
| WATER SUPPLY OUTLOOK | 1 |
| FEASIBILITY REPORTS | |
| #E-145 Ashley Valley Reservoir Company | 1 |
| #E-152 Cedar Creek Irrigation Company | 2 |
| COMMITTAL OF FUNDS | |
| #E-132 Leeds Water Company | 2 |
| SPECIAL ITEMS | |
| #D-983 Hanna Water and Sewer District | 4 |
| #E-062 Porcupine Highline Canal Co..... | 4 |
| #E-156 Payson City | 5 |
| #E-157 Metropolitan Water District of SLC and Sandy..... | 5 |
| DAM SAFETY | |
| #C-022 Piute Reservoir and Irrigation Company | 6 |
| DIRECTOR’S REPORT | 6 |
| NEXT BOARD MEETING | 7 |

SUMMARY OF BOARD ACTIONS

1. The Minutes of the November 5, 2004 Board meetings were approved with suggested changes. Page 1
2. The Ashley Valley Reservoir Company project was authorized in the amount of \$1.489 million (77%) to be purchased at 2% interest with annual payments of \$69,500 over approximately 28 years. The loan and grant money from USDA Rural Development is to be in place before funds are committed to the project Page 2
3. The Board authorized the Cedar Creek Irrigation Company project in the amount of \$330,000 (88%) to be purchased with annual payments of \$15,800 at 0% interest over approximately 21 years. Page 2
4. The Leeds Water Company project was reauthorized in the C&D fund in the amount of \$1.006 million (85%) at 1% interest to be repaid over 30 years at approximately \$39,000 per year with the same conditions and easements that were included in the original authorization. Page 3
5. The Hanna Water and Sewer District bond was amended to extend it to 35 years with no payments for the next three years, resuming them in 2008, the debt service coverage to be reduced to 100%, and the interest rate remaining at 0%. The \$1.325 million loan balance will be repaid with escalating annual payments beginning at \$15,000 and ending at \$70,000. Page 4
6. The Board amended the Porcupine Highline Canal Co. contract to postpone the December 1, 2004, payment one year because of construction delays. All subsequent payments will be due one year later than presently required. Page 5
7. The Board granted funds for bond insurance in the amount of \$74,000 to Payson City. Page 5
8. Funds were granted to the Metropolitan Water District of SLC and Sandy in the amount of \$450,000 for bond insurance. Page 5
9. The Board granted \$142,500, amended the Piute Reservoir and Irrigation Company's loan agreement by providing an additional \$7,500 and to state the \$450,000 in loan funds be returned at 0% interest over approximately 21 years with annual payments of \$22,000. Page 6
10. The Board approved the Weber Basin State Water Plan for printing. Page 6

THOSE PRESENT

The Utah BOARD OF WATER RESOURCES met in regular session on Friday, December 10, 2004 in the auditorium of the Department of Natural Resources Building, 1594 West North Temple, Salt Lake City, Utah. Chair Harold Shirley presided over the 10:00 a.m. meeting.

BOARD MEMBERS PRESENT:

Harold Shirley
Ivan Flint
Bill Marcovecchio
George Harmond, Jr.
Paul McPherson
Paul Riley
Brad Hancock
Warren Peterson

STAFF MEMBERS PRESENT:

D. Larry Anderson, Director
Dennis Strong, Deputy Director
Eric Millis, Asst. Director
Randy Staker, Accountant
Steve Wilde, Chief, Investigations
Robert King, Chief, Interstate Streams
Eric Klotz, Chief, Water Education/Conservation and Use
Todd Adams, Chief, Hydrology and Computer Applications
Todd Stonely, Chief, River Basin Planning
Molly Waters, Water Conservation Coordinator
Russell Hadley, Engineer
Tom Cox, Engineer
Shalaine DeBernardi, Engineer
Marisa Egbert, Engineer
Gina Hirst, Engineer
Geralee Murdock, Administrative Secretary

OTHERS PRESENT:

Sherm Hoskins, Asst Department Director, Department of Natural Resources
Brad Nelson, Engineer, Weber Basin Water Conservancy District
Russ Donoghue, Executive Director, Rural Water Association of Utah
Jeffrey Steadman, Water Conservation Coordinator, Utah Rivers Council

OTHERS PRESENT CONT'D:

Ray Hunting, president, Ashley Valley Reservoir Co.
Michael McKee, Uintah County Commission
Russ Vernon, Engineer, Ashley Valley Reservoir Co.

Neil Sorensen, Secretary, Cedar Creek Irrigation Co.

Don Goddard, Leeds Water Company
David Stirling, Leeds Water Company
Brent Gardner, Engineer, Alpha Engineering
Roy McDaniel, Sr. Engineer, LDS Church
Martha Ham, citizen, Silver Reef
Dean R. Brown, citizen, Silver Reef
Dallin Gardner, Manager, SRH Development
Frank B. Lojko, Silver Reef

Mac Reber, Chairman, Hanna Water and Sewer District
Dixie Jones, Secretary, Hanna Water and Sewer District
Eric Todd Johnson, Bond Counsel, Hanna Water and Sewer District
Chris Meyer, Hanna Water and Sewer District
Lynn Sagers, USDA Rural Development
Keith J. Burnett, Fund Manager, Community Impact Board

Gordon White, Water Superintendent, Payson City
Bernell C. Evans, Mayor, Payson City
Jonathan Ward, Asst. VP, Zions Bank Public Finance

John Robert Carman, General Manager, Metro. Water District of SLC and Sandy
Lon Richardson, Trustee, Metro Water District of SLC and Sandy
Scott Robertson, principal, Lewis Young Robertson and Burningham

Approved
MINUTES OF THE
BOARD OF WATER RESOURCES MEETING
December 10, 2004

Chair Shirley welcomed everyone to the December Board of Water Resources meeting.

APPROVAL OF MINUTES

Paul Riley made the motion, seconded by George Harmond, Jr. to approve the minutes of the November 5, 2004 meetings as amended. The Board agreed unanimously.

WATER SUPPLY OUTLOOK

Harold Shirley introduced Tim Bardsley of the NRCS Snow Survey Office. Mr. Bardsley is standing in for Randy Julander who is out of town. Mr. Bardsley said the snow survey office is smiling because of the recent storms throughout the state. The bad news is reservoir storage isn't in good shape in the Bear and Sevier. He said southern Utah's recent storms have added a great deal of precip in that area of the state. He said as of today (12/10) each snotel site in the state was at 100% or more. Mr. Bardsley said because of the soil moisture content being high the runoff in the spring should be good.

FEASIBILITY REPORTS

#E-145 Ashley Valley Reservoir Company

Chair Shirley introduced Ray Hunting, president; Michael McKee, Uintah County Commissioner; and Russ Vernon, engineer. Gina Hirst reported the proposed project is located about 20 miles northwest of Vernal. The company stores agricultural irrigation water in four small reservoirs supplied by Ashley Creek and in the larger Oaks Park Reservoir supplied by Brush Creek. Water stored in these reservoirs accounts for 1/6 of the total water supply used to irrigate about 20,000 acres of the Vernal area. Vernal City, Ashley Valley Water & Sewer, Maeser Water & Sewer, and Jensen Water, all stockholders in the reservoir company, receive culinary water through exchange of the 17% they hold in Oaks Park Reservoir.

Oaks Park Canal begins below Oaks Park Reservoir on Brush Creek. The first 3,000 feet of canal is piped, and the next 30,000 feet traverses several different formations containing fractured rock which causes annual seepage losses of about 1,240 acre-feet. The company is requesting financial assistance to replace the 30,000 feet with pipeline. Technical assistance is being provided by Engineering Services in Vernal. The total estimated cost of the project is \$1.923 million. In addition, the company is in the process of applying for a loan and grant from USDA Rural Development.

Michael McKee said the company feels it cannot charge the culinary water shares at a higher rate than the agricultural as they are all stockholders in the company; it's all common stock. Mr. McKee said, therefore, the company is requesting the annual payment to the Board be reduced to \$54,000 to be repaid at 1% interest over 32 years.

Brad Hancock made the motion to authorize the Ashley Valley Reservoir Company project in the amount of \$1.489 million (77%) to be purchased at 2% interest with annual payments of \$69,500 over approximately 28 years. Warren Peterson suggested the loan and grant money from USDA Rural Development be in place before funds are committed to the project. Brad Hancock concurred; Ivan Flint seconded the motion and the Board agreed unanimously.

#E-152 Cedar Creek Irrigation Company

Chair Shirley introduced Neil Sorensen, secretary of the company. Tom Cox reported the proposed project is located about two miles northeast of Spring City in Sanpete County. The company provides agricultural irrigation water to 600 acres. Water is diverted from Cedar Creek into a 4.5-mile transmission pipeline, which transports the water to earth and concrete-lined distribution ditches serving fields. The concrete-lining is breaking up, and loses 1/3 of its water to seepage.

The company is requesting financial assistance from the Board to install a gravity pressurized irrigation system that will include a regulating pond and 8.5 miles of pipeline for irrigation and stockwatering. Technical assistance is being provided by the NRCS in Manti. The estimated cost of the project is \$375,000. The company plans to install the small diameter pipe to raise its share of the cost. The company has obtained nearly \$200,000 in EQIP grant funding from the NRCS to purchase aboveground sprinklers and equipment.

Mr. Sorensen said it would be a true benefit to install the pressurized irrigation system rather than concrete-lined ditches, especially with the NRCS grant helping with the aboveground equipment.

Warren Peterson said the pipeline that's already in the ground has been set up to become part of the pressurized system. He made the motion to authorize the Cedar Creek Irrigation Company project from the Revolving Construction Fund in the amount of \$330,000 (88%) to be purchased with annual payments of \$15,800 at 0% interest over approximately 21 years. George Harmond, Jr. seconded the motion and the Board unanimously agreed.

COMMITTAL OF FUNDS

#E-132 Leeds Water Co.

Chair Shirley introduced David Stirling, Don Goddard and Brent Gardner. Tom Cox reported the Board authorized the Leeds Water Company project in the August Board meeting.

The proposed project is to replace two miles of unlined transmission ditch, and install approximately five miles of 12 through 4-inch pipeline in the town of Leeds to provide pressurized irrigation. The transmission ditch passes the historic Silver Reef area and some of its residents have voiced concern regarding impacts of the proposed pipeline project. Water Resources board members, water company officials, the project engineer, and several concerned residents have met to discuss the project.

The bids were opened December 9, 2004, and were higher than expected. The company is therefore requesting a higher amount (\$1.006 million) from the Board than shown in the report. The estimated cost of the project is now \$1.131 million. The company also needs to obtain a Special Use Permit from the Forest Service as 1,700 feet of the project would be on Forest Service land.

David Stirling said the company would like to request the higher amount. The pipeline is really needed. Don Goddard said the past few years have been the worst as far as receiving water through this ditch. He said the company would appreciate anything the Board could do for it.

Chair Shirley informed the company because of the increase in requested funding, due to the Board's guidelines, the project would now fall under the Conservation and Development (C&D) fund instead of the authorized Revolving Construction Fund. Funds will not be committed at this meeting due to the change in the funding programs; the project will need to be reauthorized.

Chair Shirley introduced Dean Brown, Martha Ham, Dallin Gardner and Frank Lojko of the Silver Reef area. These individuals expressed their concern with the proposed project as it would dewater the transmission ditch through the Silver Reef area, causing the vegetation and trees to die. Mr. Shirley said he had received a letter signed by 25 of the Silver Reef residents opposing the \$697,000 interest-free loan to Leeds Water Company for the purpose of building a pressurized irrigation system.

Warren Peterson said the water rights belong to the company and the Board needs to recognize this. The trees are an added benefit to the Silver Reef area, however, the policy established by the state legislature says things need to be dealt with through the market place. Mr. Peterson recommended the Silver Reef residents investigate the possibility of acquiring water rights. He made the motion to reauthorize the Leeds Water Company project in the C&D fund in the amount of \$1.006 million at 1% interest to be repaid over 30 years at approximately \$39,000 per year with the same conditions and easements that were included in the original authorization. Paul Riley seconded the motion and the Board agreed unanimously.

Chair Shirley said the project is reauthorized and recommended the company and the Silver Reef residents continue their dialogue to see if an agreement can be reached. He said everyone will not be happy, but if this cannot be worked out everybody's going to lose.

SPECIAL ITEMS

#D-983 Hanna Water and Sewer District

Chair Shirley introduced Mac Reber, chair; Dixie Jones, secretary; Chris Meyer, Keith Burnett, Community Impact Board (CIB); Eric Johnson, bond counsel; and Lynn Sagers, USDA Rural Development. Steve Wilde reported that in 2003 the Board provided \$1.371 million to the Hanna Water and Sewer District to help it build a \$4.6 million culinary water system in Hanna and Tabiona. The water revenue bond the Board purchased from the district requires the \$1.371 million be repaid in 25 years at 0% interest with annual payments ranging from approximately \$46,000 to \$65,000. There also was project funding in loans and grants from both the CIB and USDA Rural Development plus cost sharing from the district.

The day the Board authorized the project there was considerable discussion with the district guaranteeing they had enough connections signed up to make loan payments to all three lending agencies. When the project was reauthorized the district had sold 276 connections, only 245 were required. However, not all of the 276 connections were active connections, and the district is currently not selling enough water to make its payments to the three lending agencies.

The district is requesting the Board extend its loan repayment period to 35 years, defer the next three payments and resume payments in 2008, and reduce debt service coverage from a current 125%, down to 100%. The CIB met December 2, 2004 and voted to reduce its loan interest rate to 0%, lengthen its repayment period to 35 years, defer the next three payments and reduce debt service coverage down to 100%. This was contingent on the Board of Water Resources approving the district's request.

Keith Burnett of the Department of Community and Economic Development and involved with the CIB, reiterated what Mr. Wilde had said regarding the CIB's decision to grant the Hanna Water and Sewer District's request.

Mac Reber said the district had a meeting and increased water rates. He said several people on standby had bought connections intending for future building; also, the people down along the Duchesne River have drilled good wells and are using their wells instead of the system. Mr. Reber said it's a good system and they know eventually they can make it go.

Brad Hancock made the motion that the Hanna Water and Sewer District bond be amended to extend it to 35 years with no payments for the next three years, with payments to resume in 2008, the debt service coverage to be reduced to 100%, and the interest rate remaining at 0%. The \$1.325 million loan balance will be repaid with escalating annual payments beginning at \$15,000 and ending at \$70,000. Bill Marcovecchio seconded the motion and it was unanimously agreed upon by the Board.

#E-062 Porcupine Highline Canal Co.

The Board committed \$112,000 (85%) to the company to help replace a freestanding concrete section of irrigation canal which traverses a steep and rocky hillside. Because of

difficult weather conditions in the fall of 2003, and last spring, the start of construction was delayed until last month.

The company's first payment to the Board, in the amount of \$6,000, was due December 1, 2004. Because of the construction delay, the company is requesting the Board postpone this year's payment one year and make all remaining payments to the Board due one year later than presently required.

Paul Riley made the motion to amend the Porcupine Highline Canal Co. contract to postpone the December 1, 2004, payment one year because of construction delays. All subsequent payments will be due one year later than presently required. Paul McPherson seconded the motion and the Board agreed unanimously.

#E-156 Payson City

Chair Shirley welcomed Mayor Bernell Evans; Gordon White, water department; and Jonathan Ward, Zions Bank. Dennis Strong stated Payson City wants to buy land in Payson Canyon that will benefit it in its development of its pressurized secondary irrigation system, wants to do refinancing of existing debt, and wants to replace worn out water meters with new radio-read water meters. The city is planning to sell a \$9.6 million bond, and is therefore requesting the Board provide a grant of \$74,000 to purchase bond insurance.

Mayor Evans thanked the Board for its consideration in granting funds for bond insurance. Paul McPherson made the motion, seconded by George Harmond, Jr. to grant \$74,000 for bond insurance to Payson City. The Board agreed unanimously.

#E-157 Metropolitan Water District of SLC and Sandy

Chair Shirley introduced John Carman, general manager; Lon Richardson, Trustee; and Scott Robertson, financial advisor. Dennis Strong said the district is ready to begin Phase II of its major water development and improvement project and will issue another \$90 million bond later this month. It is requesting the Board provide a grant of \$450,000 to cover the cost of bond insurance.

John Carman thanked the Board for touring the district's area in the spring, and said it had let out about 90% of the contracts on its projects and said Phase II was soon ready to begin; the district would be selling bonds ASAP. He expressed appreciation to the Board for its consideration of the application. Bill Marcovecchio made the motion to grant \$450,000 for bond insurance to the Metropolitan Water District of SLC and Sandy. George Harmond, Jr. seconded the motion and it was unanimously agreed upon by the Board.

DAM SAFETY

#C-022 Piute Reservoir and Irrigation Co.

Shalaine DeBernardi reported the Piute Reservoir and Irrigation Company is currently working on Phases II and III of the dam safety upgrade of Piute Dam. This consists of reconstructing the dam's drainage system and constructing an emergency spillway, respectively.

During construction of the emergency spillway, permeable granular material was encountered and a sheetpile cutoff wall had to be built, which increased the cost of the upgrade. The estimated cost of this additional work is about \$150,000. Staff recommends the Board continue its 95% grant and 5% loan project funding by providing a \$142,500 grant and \$7,500 loan to pay for the additional work.

Warren Peterson made the motion to provide a grant of \$142,500, and to amend the Piute Reservoir and Irrigation Company's loan agreement by providing an additional \$7,500 and to state the \$450,000 in loan funds will be returned at 0% interest over approximately 21 years with annual payments of \$22,000. Brad Hancock seconded the motion and it was unanimously agreed upon by the Board.

DIRECTOR'S REPORT

Eric Millis said the Weber Basin State Water Plan had been mailed to the Board about four weeks ago. He expressed thanks for Ivan Flint's involvement in the process of the Weber Basin Plan and for Todd Stonely, the principal author. He asked the Board members to submit any comments on the plan to him by Friday, December 17. Paul Riley made the motion to approve the Weber Basin Plan for printing. George Harmond, Jr. seconded the motion and the Board agreed unanimously.

Director Anderson passed out to the Board members a list of the communities that are in compliance with the Water Conservation Plan Act, and those that are not in compliance. This list will be published after the first of the year. All of the communities that are not in compliance have been contacted and encouraged to submit their conservation plan before the end of the year. He said compliance is much better this year (74%) than in the past.

Director Anderson said he would be attending the Colorado River Water Users Association annual meeting in Las Vegas the next week. Ivan Flint and Sherm Hoskins would also be attending those meetings.

Mr. Anderson wished everyone a Merry Christmas and thanked the Board for the wonderful job they do.

NEXT BOARD MEETING

The next meetings of the Board of Water Resources will be January 28, 2005.

Meeting adjourned at 11:48 a.m.

